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The Nation's Business

Will the Plebiscite Settle Anything?

Premier Godbout's speech in Montreal this week raises serious doubts as to whether or not the plebiscite on selective compulsory service can accomplish its purpose. The premier of Quebec is quoted as saying, "I think that conscription for overseas service would actually be a crime." He expressed confidence that Premier King would not impose conscription for overseas service.

The only saving grace of the proposed plebiscite was the hope that it would unite the country, that its verdict would be freely accepted by all provinces, that it would bring Canada closer toward the goal of the total effort we must have if we are to win. Premier Godbout's remarks—if they represent the French-speaking point of view—dissipated such hopes.

Rather than have suggested the plebiscite at all it would have been better, more courageous and speedier had the Dominion government frankly recognized the graveness of the crisis and introduced immediately legislation to permit the fullest possible use of Canada's man power. It was never necessary to have an election, a referendum or a plebiscite.

Instead of repeatedly reaffirming his stand against only one phase of selective compulsory service, thus keeping alive the bitterness from the first Great War, Mr. King and his colleagues should have been preparing their countrymen for the inevitable step that is now thrust upon us. An appeal to the people at this time to relieve the government of a responsibility for a move that should have been made at the very latest the instant the United States entered the war, is a shameful waste of vital time. As the Montreal Gazette so aptly remarks, "never were so many people humiliated by so few."

At best, the plebiscite offered an escape from indiscreet and unnecessary political promises made by Mr. King. Under our system of responsible government, the prime minister and his cabinet are supposed to lead the country. The people give them full authority on the definite understanding that they accept full responsibility.

It is doubtful if Mr. Godbout had carefully thought out his most unfortunate statement. If he meant it, and if he speaks for Quebec in the matter then the plebiscite is a gigantic and tragic hoax. If the plebiscite does not free the government to introduce conscription for overseas service it cannot mean a prompt utilization of Canada's full man power. Like the squabbling neutrals of Europe two years ago, like Southern Ireland today, Canada would hold her soldiers along her own frontiers while the only friends that could help us were overrun one by one.

Long before this we should have had every man and woman in positions where they could best serve the national cause. It takes time to train soldiers, man farms and make munitions and we can only do it on a nation wide scale, through selective compulsory service. Even Mr. King admits now that this is the only solution for the type of war we are facing today.

That being the case and the usefulness of the plebiscite having already been called in question by Premier Godbout's stand, then but two sound courses are open to Mr. King. Either he can bring before parliament immediately legislation enacting selective compulsory service, or if he feels that past promises still tie his hands he should resign and turn the government over to a lieutenant who is not so encumbered.

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NO BILLS FOR BRITAIN

Canada's billion dollar gift of food and war materials to Britain represents an acceptance by Canada of the principle of "pooling of resources," of equality of sacrifice in the battle against a common group of enemies.

Yet it alters our present programme only in a financial or bookkeeping sense. Materially there is no change at all. Had we not drafted this new plan of financial aid to Britain we should still have been supplying the materials and the product of our labor, the government would still have been taxing and borrowing in Canada to pay these bills in Canada.

What we are doing is writing off the "bills to Britain" now instead of leaving them for postwar negotiation. Realism compels the belief that if we had accumulated another billion dollars of sterling we should have had to write it off anyway after the war. The alternative would have been squeezing Britain, with disastrous consequences not only to her but to our own primary producers who will want to hold their British markets after the war.

The billion dollar gift applies to the future. From our financial assistance to date we have "benefitted" by the repurchase of about $500 millions of our securities in Britain. There is to be another $295 millions of such repatriation; and the $700 millions "dollar" loan will probably lead to continued repatriation during the war until the loan is paid off.

At the beginning of the war British capital in Canada totalled about $2,700 millions. It is difficult to say if the real value of the investments approached that figure. But accepting it as a fair index of value, the new arrangement implies that British capital in Canada will total, after the war, about $1,200 millions.

British reaction to the Canadian plan is likely to be somewhat as follows:

1. Canada has driven a hard bargain respecting repayment of Canada's financial assistance to date. But this "hard bargain"—if it is such—is justified on the ground of the large debt Canada owed to Britain at the beginning of the war.

2. In the billion dollar gift, Canada is making a magnificently generous contribution to the common pool of fighting resources of the United Nations; a gift whose true significance can only be measured when it is remembered that it is additional to our own direct war costs, which amount this year to about $1,400 millions and will amount next year to very much more; and when it is remembered that British citizens still hold a large "mortgage" on Canada.

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CENSORSHIP OR GESTAPO

There can be no valid objection to reasonable censorship in wartime. It is one of the unpalatable sacrifices a democracy must make in the interests of total war.

But gestapo methods are entirely different. Censorship is merely a tool of war designed to prevent leakage of valuable information to an outside enemy. The gestapo, on the other hand, can be a tool in the hands of an unscrupulous government for spying on and terrorizing its own people. And yet something perilously close to that sort of thing was admitted in the House of Commons last week.

The following question was asked by Hon. H. A. Bruce and the answer was given by Hon. William Mulock, Postmaster General:

Q. If any criticism of a department of government has been found (in a censored letter from one part of Canada to another) has such criticism been extracted from letters and sent with the name of the writer to the department involved?

A. Such extracts are referred in confidence to the head of the department concerned, when it is considered in the public interest to do so.

Honest criticism of any department of a government or of any government measure is a very real and essential part of democracy. It is no concern of the censor. When that authority takes it upon himself to attempt to suppress it then we are establishing a gestapo, and even in a democracy in wartime there can be no place for that.

The gestapo symbolizes the very evil we are fighting against. Mr. King should give parliament prompt assurance that any growth of it in Canada will be ruthlessly stamped out.

Ontario Now Facing Shortage of Power

Probably Get By This Year by Rationing Non-war Users — Deal on Ottawa River Development Seen Probable

By A. D. ELLWOOD

Ontario's Hydro Electric Power Commission has some substantial blocks of power that it can expect to be available later in 1942 to help meet next fall's peak load, but there is reason to doubt if new power supplies will be adequate to meet the probable increase in demand.

The balance not available from new power sources, however, will come from other places and there is little likelihood that essential war industry will suffer from lack of power this year.

Hydro Commissioner J. Albert Smith made this clear when he said:

"We are approaching the end of our present readily available new resources of power. During the coming year we shall be able to make available some new sources of power, but the war demand is rapidly catching up on our increased supplies and it is expected that **our total resources will not be sufficient to meet the full demand upon them.**

"Power for essential war industries must be made available, cannot and must not be curtailed. So far we have been able to meet the rapidly accelerating demands for power for war purposes, which now amount to about half a million horsepower, but I warn you that we shall soon have to restrict in some ways the use of power for what we might term non-essential uses."

War Uses Up

Hydro officials estimate that direct war production required at least 175,000 h.p. more power at the 1941 peak than it did for 1940. Of this, the Niagara system took an additional 140,000 h.p., Eastern Ontario about 25,000 h.p. and the balance was distributed between Georgian Bay and Thunder Bay systems. Already tentative negotiations are reported underway for thousands of additional horsepower to keep new war plants running.

Peak load figures for Dec., 1941, showed a gain of 18.1%, or 338,125 h.p., in primary power demand over December a year ago. This would be the year's peak which ordinarily occurs late in November or early in December each year and a new all-time record.

It is significant that this record of growth in Ontario's power needs goes back long before the war. December last year climaxed a 41-month record of consecutive increases in primary power dating from August, 1938.

If it is assumed that 1942 will see a peak demand for primary power at least as much above that of 1941 as 1941 was above 1940, this would mean a firm demand for primary power 400,000 h.p. above last year's all-time record and would require Ontario Hydro to provide at least 2.6 million h.p.

Commission Member Smith recently stated that the H.E.P.C. has

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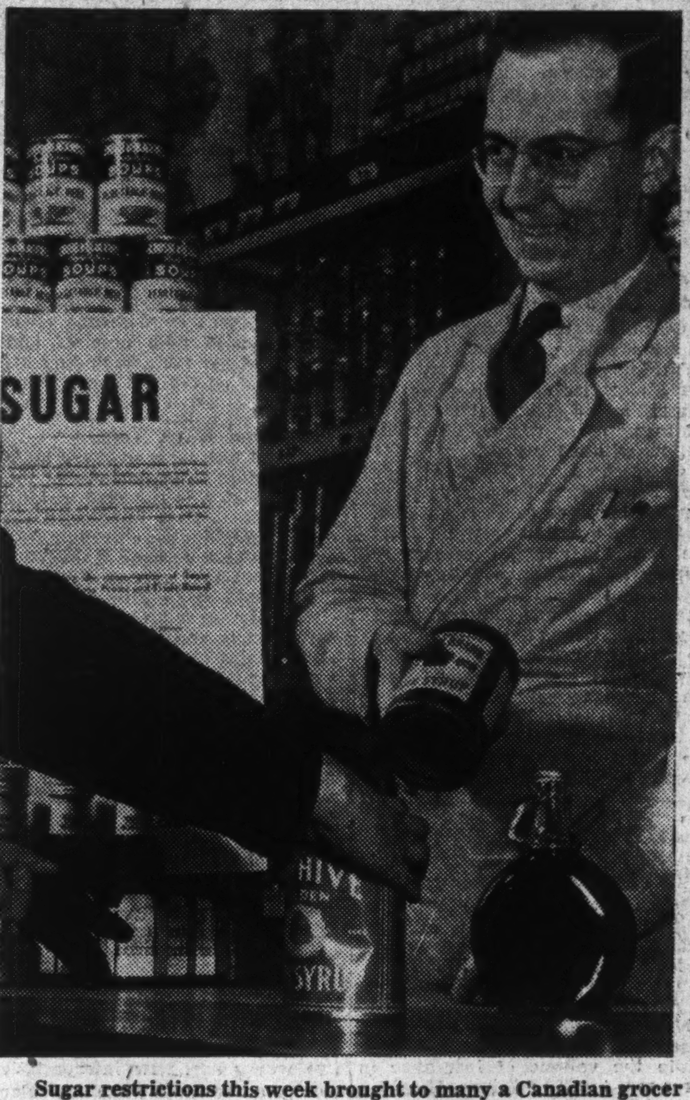
Ration is Ample



Sugar restrictions this week brought to many a Canadian grocer a heavy rush of housewives, left his sugar scoop scraping the bottom of the bin. Three-quarters of a pound per week is said sufficient for the normal and healthy "sweet tooth." Others can satisfy themselves with easily obtained substitutes such as corn syrup or honey. Home cooks will have to read a women's magazine, however, to get familiar recipes revised for syrup or honey.

Generous, Realistic Said of New Money Deal With Britain

New Canadian Method of Financial Aid to Britain Held Type of Move Agreeable to the Informed in Great Britain

CANADA'S NEW DEAL WITH BRITAIN

	Millions
1939-1942 "Bills to Britain:"	
U. K. sends us our own government and C.N.R. securities to value of	$ 695
Plus miscellaneous repatriation of close to	100
Plus a new issue of her own bonds to an amount of	700
Total	$1,495
1942—"Billions to Britain:"	
Canada will make a free gift to Britain of war materials and food to a value of	$1,000
No plan beyond early 1943 but it is presumed further gifts will follow	

Canada's new financial deal with the United Kingdom, announced this week, has been accepted in British financial, journalistic and government circles as generous as well as realistic.

During a recent visit to Britain a member of The Financial Post staff discussed Canada-U.K. wartime financial arrangements with a great many well informed leaders in the Treasury and in the City.

Everywhere he found the keenest appreciation of Canada's direct contribution to the war; and of our additional financial assistance to Britain. But also he found many people who wondered if the sterling purchase plan, which has prevailed up to now, was thoroughly realistic. This week's revised deal meets virtually all criticisms voiced of the previous plan.

The "New Deal"

The background and facts of the "billion dollar gift" may be summarized briefly as follows:

Canada pays the entire cost of maintaining her Navy, her Army, including forces overseas, and her Air Force. (While Britain pays a portion of the cost of Canadian airmen with British R.A.F. units, this is offset by Canada carrying the lion's share of the load of the Air Training Plan.)

Britain up to now has paid for food, metals, and munitions purchased in Canada for her own account.

How Britain Pays

She has obtained Canadian dollars to pay the bills in the following manner:

1. Her exports to Canada.
2. "Invisible exports" such as dividends and interest, insurance premiums, etc. paid by Canadians.
3. Private repatriation of miscellaneous securities in an amount of close to $100 millions.
4. Gold shipments of about $250 millions (All used by Canada to pay bills incurred by it in the United States on British account.)

After utilizing these resources Britain has been short $1,219 millions in Canadian dollars, which have been supplied by the Canadian government in the following manner:

5. "Repatriation" of Canadian government and C.N.R. securities, formerly held by British investors, in an amount of $400 millions.
6. Purchase by Canada of sterling in London to an amount of $819 millions.

Further Repatriation

The $819 millions "sterling" balances presently accumulated will be handled in this way:

7. Britain will give us her own bonds for $700 millions. These will be interest-free during the war

(Continued on page 4, col. 3)

Cockshutt Plow Has Good Year

Net Profits Doubled at $1.55 a Share Due to Capacity Operations

Operations of Cockshutt Plow Co.'s plants in the year ended Nov. 30, 1941 were carried on at capacity, reports C. Gordon Cockshutt, president. In addition to a gain in farm implement production, a substantial amount of war material has been produced.

Sale of farm equipment during the year was 20% over the preceding year and Mr. Cockshutt reports that "we have made steady progress and, considering conditions our sales are quite satisfactory."

The result is that net profits are approximately doubled at $1.55 a share compared with 78 cents. The company has declared two dividends from last year's earnings, one of 25 cents paid Dec. 18 last and another of the same amount to be paid June 18, this year. This is the first dividend on the company's shares since 1931.

Balance sheet shows improved working capital. Bank loans are reduced to $2.2 millions from $2.6 millions and cash is up over $100,000 at $255,519. Largest increase in current assets is in inventories. At $4.8 mil-

(Continued on page 2, col. 8)

Lid is Slammed on Sugar-pot

"Sympathy" Rationing Comes With Stocks at Peak

By R. C. STARK

Sugar rationing came to Canada this week with supplies of the commodity actually larger than ever before. Nothing in prospect suggested that Canadian supplies were in danger.

The seemingly anomalous situation of rationing in the midst of plenty has a simple explanation. In a common war, Canadian sugar consumers must share good and bad with their American allies. And, as reported recently in The Financial Post, the U. S. sugar books are barely in balance.

Leon Henderson, Washington's Price Administrator, estimates that total sugar production available to the U.S. in 1942 will be 5.3 million short tons, compared with close to eight millions in 1941. About one-third of this reduction is attributed to the total loss of the Philippine crop, amounting last year to 854,000 tons, according to the New York Times.

The Hawaiian harvest will be cut from 903,000 tons to 500,000 as a result of war conditions. Receipts of sugar from Cuba will be cut from 2.6 million tons to a little over one million due to increased deliveries elsewhere and also as the result of a heavy diversion to the production of molasses for conversion into industrial alcohol.

The alcohol angle is particularly important due to its use in the manufacture of explosives.

100 Lbs. Per Capita

Canadians use about a billion pounds of sugar a year, roughly 100 pounds per capita including both home and industrial consumption. It is believed that the rationing scheme will attempt to cut down our sugar consumption to about 900 million pounds.

For the average Canadian, the fact that he can't buy more than three-quarters of a pound of sugar a week will make little difference. Food authorities generally agree that such an amount is plenty for ordinary use. Those who like extra sweetness will be able to find it in honey, corn syrup or saccharine.

For industrial users the picture has not yet fully developed.

At present they are operating under a temporary restriction which prevents them from increasing their stocks on hand beyond two weeks' supply. The government is meanwhile obtaining from these companies detailed figures of their sugar consumption over a period of years and the total of stocks they now have on hand.

20%-30% Cut?

From these figures decision on a definite quota will be established. General impression at the moment is that industrial consumers will have to meet a 20% to 30% cut in their sugar allowance.

With some chocolate manufacturers already wondering about their supplies of cocoa beans the sugar situation poses a new problem.

Readiest substitute for sugar in candy and chocolates is glucose.

Quantity of sugar used in chocolate making varies with each maker. One leading manufacturer uses about 6 ounces of sugar for each pound of chocolates.

To Shift Lines

Present indications are that candy makers will meet reduced sugar supplies by placing the emphasis on lines which use it least. For instance, no glucose is used in solid choocolates but it is called into play in the making of any chocolate with a filler, such as a cream centre or a nougat. That

(Continued on page 2, col. 1)

Canada is Left Off Joint Defense Boards

By STAFF WRITER

OTTAWA.—In the backwash of Washington's plan for hemispheric union came the drab news that Canada had been passed by in the formation of Anglo-American boards to co-ordinate shipping, raw materials and assignments.

Pending further clarification it was assumed Canada had lost out in efforts to gain separate identity and representation on the boards which will determine a large measure of the procurement policy of the United Nations.

Althought a Canadian Press dispatch quoted "official sources" at Ottawa as saying that separate representation by Canada was not desired on these boards, The Financial Post learns that the government fought very strongly to have this country represented.

Canada, apparently, was overruled on the ground that separate representation would open the door for demands from Australia and other Dominions as well as from some South American republics.

There is still a fourth joint planning board to be established to deal with war production. Canada is strongly urging that it be given a place on this board in recognition of the key importance of this country in the munitions programme of the United Nations.

Customs Still Problem

Apart from this repercussion, Ottawa scarcely raised its head to view the scheme of hemispheric union painted last week by U. S. officials for the Pan-American conference at Rio.

Blueprints for hemisphere union are known to have been lying in drawers at Washington for many a year. Misleading and quite erroneous statements have repeatedly appeared concerning the degree of tariff reduction on war materials passing between the U. S. and Canada now in effect.

U. S. Navy Puts Plane Order Here

From Our Own Correspondent

OTTAWA.—Canada may expect an order for another important U. S. type plane in the near future to supplement the huge $60 millions contract for Curtis dive bombers announced here this week.

The two orders combined will put Canadian plants on an all-out long-range schedule and lift to nine the number of types of planes which Canada will produce in the next two years.

The Curtis order is being placed by the U. S. Navy through the Department of Munitions and Supply, with Canadian Car and Foundry (Fort William plant). The plant will continue to manufacture Hurricane machines until tooling up is completed early in 1943. The order is for 1,000 planes and is expected to last through until the end of 1944.

The Canadian plant will manufacture the airframes and will assemble the machines.

Action on B. C. Japanese Still Remains Unclarified

VANCOUVER. — Conflicting reports from Ottawa leave British Columbia still uncertain as to what will be done with several thousand Japanese who eventually will be moved from the "coastal defense zone" to the interior.

Most of the confusion has developed from contradictory accounts as to whether only alien Japanese are to be transferred, or whether the order will apply to all Japanese males of military age.

This much is clear, however: several thousand will be moved, and eventually they will be given employment either in road building, farm work or other occupations, and paid between 25 cents and 45 cents an hour, according to number of dependents.

There is some conflict among various interested groups regarding the distribution of the transplanted Japanese. Some areas want the Japanese as farm laborers and contend that they will play an important part in relieving the shortage likely to develop later in the season.

Other districts are defintely opposed to the move, evidently fearing that the establishment of large Japanese colonies in their midst under war conditions would merely scatter the element of danger rather than prevent it.

Freezing Present Jobs Likely in Future Plan

By STAFF WRITER

OTTAWA.—First major step toward mobilization of man power will likely be pooling all technical and professional workers under new control regulations recently drafted by the Wartime Bureau of Technical Personnel.

Beyond that, no decision has yet been reached as to how the government will "extend the application of national selective service," as promised by the prime minister.

A highly probable solution is that if Humphrey Mitchell wins his seat in the forthcoming by-election he will be named Canada's man power czar and the entire mobilization mechanism will be placed in his hands.

At present there is no indication that Canada will move very rapidly to apply compulsory national service to industry and agriculture.

Once man power authority has been established the next move will probably be to organize skilled labor in Canada on a selective basis. At some further distant date, a third step will undoubtedly be taken, namely the freezing of all workers in their present jobs so as to prevent "poaching" and uneconomic transfers of labor from job to job—most of which is being done now in defiance of strict observance of the wage freezing law.

It is admitted in many quarters that wage and salary freezing orders cannot be wholly effective unless workers are frozen in their jobs—or "immobilized" to the point where they cannot move without an O. K. from some competent authority. However, it is certain that the government has no intention of making such a move just now. It is felt that such a step would raise more problems than it would solve.

No New Deal On Payment For Troops in U. K.

OTTAWA. — There will be no change in Canada's present policy of payment for overseas armed forces as a result of the new Canada-U. K. sterling deal, The Financial Post is informed.

Earlier reports of the proposed settlement indicated that Canada would assume the cost of her R. C. A. F. fighter and bomber squadrons in England, just as she now assumes entire cost of her army overseas. This plan has not materialized. Canadian air squadrons as they proceed overseas and go into action will be financed and maintained (except in regards to payroll of personnel) by the British government. Annual cost of 25 squadrons has been estimated to be as high as $200 millions annually depending on the type of planes used, and other factors.

On the basis of statements made by the prime minister and the Hon. J. L. Ilsley last Monday, it is presumed that no new arrangement has been worked out for handling the accounting in respect of the increasingly important R. A. F. pilot training establishments in Canada which now constitutes almost a second Air Training Programme.

$200 Millions Cost Added For Army

OTTAWA.—Creation overseas of a two corps Canadian army will increase the cost of Canada's oversea establishment by almost $200 millions, The Financial Post is informed.

Speaking in the House of Commons this week, Prime Minister King said Canada would expand her overseas forces into two army corps, one with three infantry divisions and two army tank brigades; the other to consist of two armored divisions. In addition, he stated, all necessary ancillary troops to serve these two corps will be provided.

The Post is informed that the most expensive part of this increased establishment will be the ancillary units. In the case of the armored corps troops, this will be almost equivalent to the expense of adding another whole division. In all, this "ancillary" programme will cost considerably more than $100 millions.

Cost of a complete new armored division such as put into the field last year is around $90 millions. In this case, since Canada is to convert the fourth infantry division into an armored unit, the increase will not be nearly so great.

Cost of the new army tank corps which is to be raised, equipped and despatched overseas is said to be in the neighborhood of about $40 millions.

Total war commitment for Canada in the new fiscal year (1942-43) is placed by the prime minister and Mr. Ilsley at about $3 billions. This includes Canadian aid to Great Britain.

Tax Cuts For War Advertising

Allowances Made for "Contributed" Ads

From Our Own Correspondent

OTTAWA.—The new 10% advertising allowance which permits corporations to make a deduction for income tax purposes in respect of war loan advertising will be liberally interpreted to include all such contributions to the war effort, The Financial Post is informed.

The special ruling was given recently by the government to encourage and stimulate the contribution by corporations of paid advertising space to aid the Victory Loan campaign.

It was ruled by Fraser Elliott, commissioner of income tax, that "contributed advertising of this sort would be recognized as an expense to the extent of 10% beyond the average advertising of the taxpayer during the period 1936-39 inclusive.

Such advertising, The Post is now informed, must be at least 80% contributed—that is, at least 80% of the space must be given over to supporting some phase of Canada's war effort. So long as this stipulation is complied with, there is no restriction that the advertisement must be devoted to the Victory Loan campaign. Contributed advertising for Red Cross, war service appeals, war savings campaign or advertising which is merely "spiritual" in its appeal to Canadians will all be eligible.

One further point of clarification is this: the base period of 1936-39 is merely the yardstick by which the contributed advertising is to be measured for income tax purposes. There is no implication of any ruling or understanding that regular advertising is governed by a similar yardstick or exemption for tax purposes.

at EATON'S

Glasses

With "Zylo-Shell" Frames
For Your Greater Reading Pleasure

If the frame of your glasses pinches at the bridge of your nose, cuts into the skin behind your ears, the thrill of reading is lost. These inconspicuously flesh colour frames are designed especially for prolonged reading.

SEE THEM AND TRY THEM ON IN OUR OPTICAL DEPARTMENT, MAIN STORE . . THIRD FLOOR.

THE T. EATON Co LIMITED
TORONTO CANADA

The War And Business

Container Shortages

Canadian housewives are beginning to get warnings of further shortages ahead in certain refinements they have become accustomed to in the fat years which preceded this total war.

Advertisements in Toronto and other papers have suggested that consumers would be wise to retain old egg cartons, some firms offering to make an allowance of a couple of cents on each carton returned for more eggs. Feed dealers report a shortage of jute bags and point out that these humble sacks are deserving of more than the usual scant attention they received in peace times. Soon, it is stated, dog owners will no longer be able to obtain Fido's food in the usual tin can, though just how it will be packaged in future is not yet made clear. Paper bags, string and even the common pin, all useful in merchandising are expected to get rapidly scarcer.

* * *

More Rationing Soon

Officials managing price control in Canada have no illusions about rationing. They know that this week's rationing of sugar is merely a first step; that rationing of many other commodities will follow within the year.

One reason sugar rationing is not being done by a system of coupon books or cards is the cost. Estimates are that it would cost between $12 and $15 millions to supply all Canadians with ration books and administer a rationing scheme in any one commodity for a year. This was too much money to put into rationing of a single product. But when other foods, and perhaps gasoline and clothes have been added to the list of rationed commodities, books will be issued because the additional cost of handling several commodities would not be very great. Thus the administration cost per item might be brought down to $2 to $3 millions a year.

* * *

Wage Freezing Snags

Reports are pouring into Ottawa of practical difficulties of enforcing the orders "freezing" wages and salaries. So long as men are able to leave one job to accept another at a higher wage or salary the ceiling loses much of its effectiveness. A higher salary can be paid when a man is promoted, and to avoid losing key men firms have been "promoting" many of their staffs recently.

Ottawa recognizes that a wage-salary freezing order to be effective must be accompanied by job-freezing too. This is on the cards, although it is likely to come in simple stages. Various war industries would be declared "essential works" with provision being made that no employee in one of these industries could change his job except through a government employment office which would take note of and record all the facts, including his compensation old and new.

* * *

Impressed With Nelson

Donald Nelson, czar of the huge war production programme of the United States, is reported making an excellent first impression on critical Washington observers. So enthusiastic have some of them become, that they are already predicting that Prime Minister Churchill will soon scrap his three-man (army, navy and air force) set-up and appoint one chief to head all war output.

Nelson, it is reported, has been in close touch with the former U.S. Victory production programme and was familiar with every weakness. He was, therefore, in an excellent position to know what had to be done and what to avoid when the present much vaster programme was laid down, and he was appointed in full charge. Nelson, says Whaley Eaton Service, demands "yes" men about him who make their "yesses" stand up.

* * *

Mum on Compulsory Savings

There is no definite indication that a compulsory savings for Canada is either "on" or "off." But little enthusiasm for the plan is discernible in official circles at Ottawa.

These were comments made to The Financial Post by various interested persons queried on the subject.

1. "Depends on success of forthcoming victory loan."
2. "Any sums it would bring in would be trifling."
3. "Better plan would be to increase the income tax."

If—and it is a big IF— Ottawa adopts some such plan, it is likely to follow the British method rather than forcing people to buy War Savings Certificates. In Britain the income tax and excess profits tax were increased and provision was made that a certain portion of the increases would be returned post-war. In the case of income tax, the maximum regarded as returnable is $290 a year; in the case of excess profits tax one-fifth of the tax is returnable post-war roughly on condition that it is reinvested in job-creating plant and machinery. This gives the government the tax-free use of the money with a minimum of bookkeeping.

Officials at Ottawa are, however, disposed to discourage all talk of compulsory savings. That is one headache they want to avoid if at all possible.

Blame Views Of Labor For Lag on Ships

From Our Own Correspondent

VANCOUVER. — Slowdown in production at British Columbia's shipyards, where the bulk of Canada's Wartime Merchant Shipping's cargo ship contracts have been placed, is causing anxiety among those directing the programme.

The yards have done a good job so far and several ships have been launched, but representatives of Wartime Merchant Shipping feel that an even better record could be accomplished with the all-out co-operation of organized labor.

There is no hint of deliberate loafing or sabotage, but the unions have shown a disinclination to adopt methods of operation designed to speed up operations.

"If the unions would agree to piecework in the riveting gangs instead of day labor we could get double the production; I am sure of that," declared Austin C. Taylor, vice-president of the shipping company and President H. R. MacMillan's righthand man in running the construction programme on the west coast.

Mr. Taylor, who is head of Bralorne Mines and various other corporations, is also representing the Canadian government on the board of Boeing Aircraft of Canada, now building a fleet of PBY flying boats near Vancouver.

Dropped 50%

"We have evidence to show that when yards worked on piecework here they drove 500 or more rivets to the shift," said Mr. Taylor. "When the unions objected and put the crews back on day labor there was a decline of 50%. That isn't good enough, and to me it indicates a lack of consideration for the vital issues at stake.

"No part of Canada's munition programme is more important than the building of steel cargo ships to maintain the supply lines between the battle fronts and the centres of production at home. Speed is the essence of the ship production programme, and I hope that the unions will come around to our way of thinking; that they will gain a truer perspective of the situation and subordinate union procedure for the emergency."

Operators of the shipyards share this view. Clarence Wallace, president of Burrard Dry Dock, building more than 50 freighters for Canada's merchant fleet, says he is convinced that universal adoption of piecework in the riveting department will clear the bottleneck in ship production faster than any other single step.

Riveting is such an essential phase of the construction job that any delays in that department hold up delivery all through the yard. Mr. Taylor says that not a single shipyard on the west coast is ahead of schedule.

Viewed in a broader aspect, the attitude of west coast labor is believed to threaten industrial progress here over the long term and not during the next few months. The shipyards and plants manufacturing component parts for the ships now employ about 30,000 men in British Columbia, but it is realized that the industry cannot continue indefinitely except on a competitive basis. It is known that several important contracts have been placed with eastern plants because of the higher bids submitted by British Columbia operators — higher even after due allowance is made for transportation costs and increased wages and living expenditures of the working man.

The only sure answer to that problem is to increase production on the west coast, in the view of those who have studied the question. No one is justified in paying higher prices for the same article—unless a premium is warranted for speedy delivery and, according to the shipping men, the necessary speed will not be attained unless and until organized labor adopts a different attitude.

Spokesmen for labor say that piecework is against their principle because it tends to discriminate among workers and centralize production and employment among a few; but the management counters that argument with the assertion that so long as there are ships to be built there will be work for all the men available.

HOLD HIGH THE TORCH OF FREEDOM

Marshalling Financial Resources TO WIN THE WAR

Through its offices in Canada and abroad, the Bank of Montreal is co-operating with our Government in marshalling financial resources to win the war.

BANK OF MONTREAL

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A 146

Priorities Group To Run Shipping

Canada has a priorities committee to deal with problems of shipping space for exports and imports to or from this country, according to an announcement by the Department of Trade and Commerce.

The new committee is to ascertain Canadian shipping cargo space requirements and, having regard to the necessity of the war effort, to determine the degree of priority or urgency of such requirements and the extent to which they can be met by the use of ships of Canadian registry or of ships provided by the United Kingdom Ministry of War Transport. The committee will also present to United States authorities requests for allotments of cargo space on ships controlled by the United States Maritime Commission.

Chairman of the committee on shipping will be L. D. Wilgress, deputy minister of trade and commerce and chairman of the shipping board. Other members are G. C. Bateman, metals controller; R. C. Berkinshaw, chairman of the Wartime Industries Control Board; George Caulton, of the office of the Oil Controller and G. R. Cottrelle, Oil Controller; T. C. Lockwood, Transport Controller; A. L. W. MacCallum, director of shipping; David Sim, Wartime Prices and Trade Board; H. D. Scully, Commissioner of Customs.

Cockshutt Plow Has Good Year

(Continued from page 1)

lions, this item is up $803,729, entirely due to war requirements.

Brantford Coach & Body Co., a partly owned subsidiary, has made further progress in reducing its 6% debenture stock held by Cockshutt, the balance now being $88,800. Cockshutt's share of Brantford Coach profits for last year was $47,308, which is not included in the Cockshutt accounts.

Consol. Income and Surplus Account
Years Ended Nov. 30

	1941 $	1940 $
Oper. profit	1,860,540	1,018,691
Add: Brant. Coach int.	7,795	10,656
Gross earnings	1,868,335	1,029,347
Less: Exec. remun.	29,376	29,076
Directors' fees	5,000	3,400
Bank interest	172,389	157,291
Depreciation	310,465	192,703
Loss on property	4,405	6,304
Uncoll. accts. w/o	149,300	278,312
Income taxes	730,544	126,247
Net profit	466,856	236,014
Less: Dividends	150,339	......
Surplus for year	316,517	236,014
Add: Previous surplus	403,331	332,317
Less: Conting. res.	......	165,000
Earned surplus fwd.	719,848	403,331
Earned per Share:	$1.55	$0.78
Paid	*0.50	nil

*25 cents paid Dec. 18, 1941, and the same amount payable June 18, 1942.

	1941	1940
Shares o/s., n.p.v.	300,678	300,678
Working Capital	$	$
Current assets	8,553,075	7,464,349
Current liabilities	4,041,562	3,204,798
Working capital	4,511,513	4,259,551

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Lid Slammed On Sugar Pot

(Continued from page 1)

might suggest less solid chocolate will be available to the candy-buyer.

Soft drink manufacturers are also heavy sugar consumers. For the moment at least these companies are rather chary of comment on how they will meet a cut in their sugar allowance. Glucose again is a possible substitute in soft drinks but at least one well-known firm claims that their product cannot use glucose and that the only alternative is to reduce their output.

Canada Dry this week withdrew its radio programme in the United States promoting "Spur," a new product, because of the sugar situation. The action indicates how some pop producers will probably meet the sugar problem. Companies with several lines may eliminate some of the less profitable, use the sugar thus released to maintain volume on more profitable brands.

Biscuit firms may have to restrict their operations to some extent but the cut-down is not expected to be very serious at the present time. Here again glucose and reduction in number of brands offer a way out.

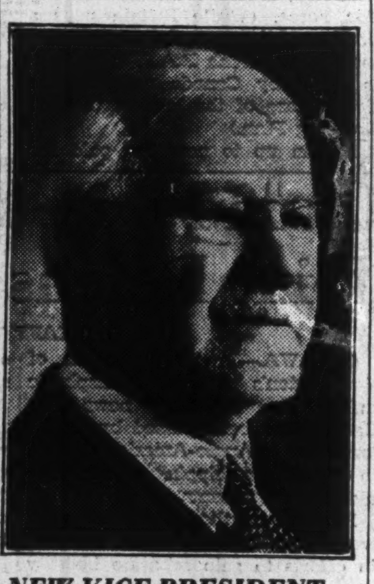
Sugar for Canada still comes largely from the British West Indies although the shipping situation has somewhat altered the pre-war ratio. United Kingdom demands have meant greater withdrawals from the B.W.I. and relatively heavier Canadian imports from Cuba and San Domingo.

The situation contains the seeds for expansion of Canada's domestic sugar beet industry. Some in the industry, however, are inclined to doubt the likelihood of any near-term material expansion from this source. Ontario, Alberta and Manitoba supply the bulk of Canada's sugar beet crop.

Weather for sugar beet production was particularly poor in Manitoba last season. Deliveries to the Manitoba Sugar Co. totalled some 93,000 tons although indications at the start of the harvest were that more than 110,000 tons of beets would be marketed.

Indications are that the acreage to be sown to beets in 1942 will be about the same as last season, unless the outlook changes materially.

Biggest difficulty facing any big expansion in our sugar beet output is labor.



NEW VICE-PRESIDENT

J. A. McLeod, for some years a director of National Trust Co., has been elected a vice-president of the company. Mr. McLeod is president of the Bank of Nova Scotia.

Company Reports

Great-West Life

Points of special interest in the preliminary report of the Great West Life Assurance Co. for 1941 are:

New insurance up $9 millions.
Insurance in force up $20 millions.
Assets at new high level.

New insurance written during the year amounted to $62.7 millions while the volume of insurance in force rose to $660 millions. Total assets at Dec. 31 were $180 millions, with liabilities mostly in the form of policyholders reserves, amounting to $173.8 millions. Surplus including contingency reserve and capital was $6.8 millions.

	1941 $	1940 $
New insurance	62,766,744	53,401,865
Insurance in force	660,457,610	640,255,614
Policy payments	15,884,814	17,249,139
Assets	180,608,957	173,512,329
Surplus	6,801,015	6,686,907

National Sewer Pipe

Ending a period of net losses that have shown in every report since the 1933 fiscal year, National Sewer Pipe Co. showed a net profit of $9,354 for the year ended Oct. 31, 1941. Important gain was also shown in working capital which ended the year above the $1 million mark as compared with slightly below $900,000 which had been reported in the past several years.

Reviewing sales, Ryland H. New, president, notes that the improvement has not been due to increased municipal business but to work resulting from the war.

Income and Deficit Account
Years Ended Oct. 31

	1941 $	1940 $
Operating profit	3,599	*13,481
Add: Other income	12,955	11,522
Less: Income taxes	7,200	......
Net profit	9,354	*1,959
Previous deficit	192,242	190,283
Deficit forward	182,888	192,242
*Loss.		
Working Capital		
Current assets	1,046,632	912,150
Current liabilities	40,022	28,444
Working capital	1,006,610	883,706

Supplementary Bond Quotations

(Supplied by Plaxton, Cherry & McDonnell, Toronto, Ont.)

Month-end Close, and Changes from Previous Month-end

Miscel. Corp., Utility & Realty Bonds:	Jan. 27, 1942 Bid	Ask.	Ch'ge
Adel. Peter 6½%/48	28	32	+1½
*Adel. Sheppard 7%/48	23½	25½	+½
Albert Bay 6½%/42	53	58	—½
Alexandra Apts. 3%/55	42	..	+1½
*Alex. Bldg. 6%/47	36	39	+1
Ancroft Place 4%/56	44½	44¾	+½
*Annandale C. 6½% ser.	31½	..	+1
Assoc. Gas & El. 5%/50	13	14	—½
*Balfour Bldg. 3%/43	45¾	48½	—½
Bay-Adelaide 6½%/47	22½	28	+½
Bay Cumberl'd 6½%/44	12½	14½	+½
Bay St. Albans 4%/53	51½	55	—½
Beach Fdry. 6%/45	78½	..	+½
*Bloor St. G. Rlty 7%/46	44½	47	+1½
Bowater Nfld. 5%/68	91½	95	+½
Do., 4½%/68	91½	93	+½
Brant. Roofing 5%/59	82½	..	—½
Canada Dairies 5%/61	59½	..	+½
Can. Machinery 5%/44	97	..	+1
Do., 6%/55	94½	99	—½
Chainway Stores 6%/33	..	99½	—½
Cities Heating 4½%/55	93	98	unch
Dom. Square 4%/59	58½	60½	—½
Econ. Inv. 5%/57	100	102½	—½
Ellis Park 4½%/45	58	61	+1
Fed. Foundries 5½%/50	91½	95	—2
400 Avenue Rd. 4½%/57	48½	52	—½
Gleneagles Inv. 5%/44	53½	58	+½
Gt. Brit. & Can. 4½%/59	67½	72	+½
Gt. West Sadd. 6%/48	102½	..	—½
*Keefer Rlty. 5%/55	23½	26	—½
*King Ed. Hotel 7%/44	6½	7½	—½
Lombard Rlty 2½%/51	27	29	+½
London Realty 6½%/50	93	96	—1
Lord Nelson Htl. 4%/47	45½	48½	—½
Mayor Bldg. 4½%/42	54	58	—1
*Nat. Utilities 6%/48	53	..	—2
Ont. Building 3%/43	42½	46	—½
Pac. P. & Water 5%/57	92½	..	+½
*Prof. Offices 7%/33-45	55½	..	+1
Richmond Bay 6½%/47	96½	98½	+½
*Richmond Bldg. 7%/47	9½	11	—½
Royal Ex. Bldg. 6%/48	51	..	—3
St. Cath. Stanley 5%/57	63	..	—½
Stand. Clay 6%/42	67	..	+1
*Stanley Rlty. 7%/45	1½	2½	unch
Staveley Apts. 2½%/49	64	69	+1
*Stock Exch. Bldg. (Vanc.) 6%/44	38	42	—1
Trans-Cont. R. 5% deb.	..	93	—1
*Trinity Bldg. 4%/52	8½	..	+½
*200 St. Clair W. 4½%/58	50½	55	+½
Vanc. Georgia Htl. 6/47	40	..	unch
Viceroy Mfg. 4½%/52	95½	99½	—½
W'lington Bld. 6½% ser.	55	58½	—½
Wind. Court Ap. 6%/42	28	30	unch
*York Adelaide 7%/45	8	10½	—1
York St. Bldgs. 6%/43	87	92	—1

*Traded without accrued interest.

Borden's
COMMON DIVIDEND
No. 128

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable March 2, 1942, to stockholders of record at the close of business February 16, 1942. Checks will be mailed.

The Borden Company
E. L. NOETZEL, Treasurer

New Rulings Coming On Salary Freeze

By STAFF WRITER

OTTAWA. — Stemming in part from the important National War Labor Board conferences held here two weeks ago, new interpretative rulings on both the wage and salary freezing orders will be issued in the near future.

One purpose of the orders will be to redefine the difference between wage and salary control. Great difficulty has been experienced in interpreting these orders because of the confusion in extending the definition of "foreman" to other groups of wage earners.

Another point to be covered in the new salary order will be an interpretation of the question of bonus payments. What is under discussion is a ruling which will permit the re-allocation of bonus payments to various key officials in a firm so long as the total amount of the bonus does not exceed the amount previously paid.

Another salary ruling will be the exemption from the salary freezing order of hospitals, educational and charitable institutions in the same way as now provided for under the wage freezing statute.

In this connection a recent ruling of the courts states that non-profit associations such as boards of trade, industrial bodies, etc., are not exempt from the ceiling, and wages paid to employees of these associations are now ruled to be under the wage ceiling in the same way as trade and industry generally.

One important outcome of the recent conference which has received as yet little publicity is the considerable co-operation which has been extended by Quebec province in respect of minimum wage and other problems involving overlapping jurisdiction. Already a recent issue of the Quebec official Gazette has announced withdrawal of a wide range of 10% wage increases announced in respect of minimum wages just about the time the ceiling on wages was introduced.

London Calling by Adelphi

LONDON. — The British have a genius for pageantry. Unfortunately they have a sublime ineptitude for publicity. To prove the first of my contentions I would merely ask any of you who, in peacetime, ever saw a British battleship enter a foreign harbor, to remember the consummate showmanship displayed. As for our failure in publicity I merely refer you to British propaganda.

These thoughts, for what they are worth, occurred to me when Walter Hutchinson, the publisher, asked me to come to see the Festival of the Empire and Allies at the Albert Hall. I told him that I had heard nothing about it. "No," he said "They seem to have kept it rather dark." Nevertheless the famous old hall was crowded. Londoners have an instinct for finding out that something is going on.

All-star Cast

What about this for an all-star cast? King Peter of Yugo-Slavia bowing shyly from his box as Admiral Evans (of the "Broke") paid tribute to the various Allies . . . Prince Berhard of Holland acknowledging the cheers for his brave little country . . . M. Maisky standing to receive an ovation that must almost have reached the distant Russian Steppes . . . Mr. Winant standing up and sitting down in one motion when the cheers came for America. . . A Czechoslavakian male choir singing martial tunes and a superb Polish choir singing "Gloria in Excelsis" . . . Count John McCormack singing the first verse of "Adeste Fideles" . . . The pipe band of the Canadian Seaforths creating wild applause for the best piping and drumming heard in London since the war began . . . The Archbishop of Canterbury saying a good deal into the microphone and Cardinal Hinsley rather less . . . Sir Harry Brittain reading sea-borne messages from Churchill and Roosevelt and the massed bands of the Guards bursting into music as detachments from the services, both male and female, as well as from the Outer Empire (including a magnificent body of men from India) marched to their appointed places. I thought the roof would come off as 40 selected representatives of the R.A.F. swung up the aisle like Guardsmen.

There was one supreme moment. The pageant was complete, the platform was full of standard bearers like the Battle of the Cloth of Gold. Then came "Adeste Fideles." As the old hymn reached the words "O come let us worship Christ the Lord," the standards were lowered in unison until together they touched the ground. It was the might and strength of the Empire and the Grand Alliance rendering homage to the Son of God. It was a beautiful and thrilling moment. What a pity that was not filmed but there were no movie cameras there.

Austrians Omitted

The only hitch in the whole Pageant was the unfortunate omission of the Free Austrians who were represented in a box by the young Archduke Robert and Sir George Franckenstein the former Austrian Minister to London. The Archduke was flushed with disappointment and resentment especially as the Free Hungarians had come in for honorable mention. The omission may not, however, have been entirely accidental. True to the Austrian temperament there are two rival Free Austrian movements in London each one claiming the sole right to speak for their nation. Also the presence of a Hapsburg, even so fine a one as the Archduke Robert, somewhat complicates an already complex situation. The three sons of the Empress Zita, that is, Otto, Robert and Felix, are as democratic as young fellows could be. But it is difficult for a Hapsburg to change his spots or his place in history.

Doing Useful Work

Lady Willingdon was in the adjoining box and has lost none of her vitality despite the great blow which she sustained in the death of her husband. When the Indian detachment marched in she nearly split her gloves with enthusiasm, and when the Canadian Seaforths arrived she almost cheered. As Lord Willingdon represented the King both in India and Canada his widow feels a possessive tenderness toward them. Lady Willingdon is doing a lot of useful work and has, indeed, succeeded her husband in many of his national activities. There is a lot of character and color in this remarkable woman. She has not escaped criticism in her time but who, worth a pinch of salt, has?

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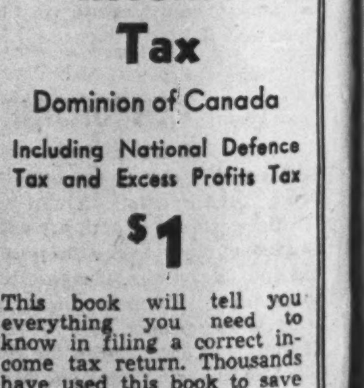

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Simpson's

BOOK DEPARTMENT
STREET FLOOR

The Financial Post Question This Week —

As a War Measure Should Compulsory School Age be Lowered to Relieve Labor Shortage?

In most provinces of Canada children must attend school until they reach an official minimum age, usually 15 or 16 years. Recently there has been some suggestion that this minimum be lowered for the duration of the war with the objective of helping relieve any war labor shortage. In Ontario, at least, such a suggestion received backing from some members of the provincial government.

This week, The Financial Post asked a group of people, largely interested in educational, youth or labor problems, what they thought of the scheme. In the adjoining columns are their answers—all opposed.

C. E. Anstie

Vice-president Shell Oil Co. and president Vancouver Board of Trade.

I believe that only as a last resort should the present compulsory school age for boys (fifteen in British Columbia) be lowered to relieve the labor shortage. This time does not seem to have arrived in Western Canada.

A great deal can be done in the proper distribution of manpower for industry and armed forces, until some effective compulsory service in this regard has been instigated there would seem to be no need to interfere with the compulsory school age.

A good elementary schooling should be obtained by all Canadian citizens. Adolescent boys also need time to partake in sports to build strong bodies and develop a co-operative attitude.

* * *

Dr. E. A. Corbett

Director, Canadian Association for Adult Education, Toronto.

I am totally opposed to the idea of lowering the compulsory school age. An orderly distribution of man power would meet the present emergency. Great Britain has not yet conscripted children.

I doubt very much if such a measure would meet the problem either in industry or on the land.

Post war reconstruction will call for intelligence and skill. We shall need more education not less.

* * *

Geo. T. Fulford

Of Brockville, and member of parliament for Leeds.

I am positively opposed to lowering the compulsory school age as a means of relieving labor shortage. I cannot help but feel it would be a grave mistake to jeopardize the present excellent educational requirements to fill factories with inexperienced, inefficient boys and girls. It would be far better to have them relieve the farm situation during the summer and extend holidays into the autumn for the harvest.

There are still men over fifty and even sixty who are unemployed who could do better factory work than youngsters fifteen or sixteen years of age.

Col. T. Ashmore Kidd

Grand Master, Loyal Orange Association, Kingston, Ont.

Until conscription has been adopted and we are assured that all available manpower has been called up for military and labor purposes there seems to be no apparent reason to interfere at the present time with the education of our youth.

* * *

Andrew Leslie

City commissioner, Saskatoon, Sask.

The compulsory school age in the western provinces is 15 years unless grade eight standing is attained earlier. There is no labor shortage here so far.

Until all surplus labor throughout the Dominion is fully absorbed I do not consider reduction of compulsory school age necessary or desirable.

* * *

Jean F. Pouliot

Of Rivière du Loup, P.Q., and well-known member of parliament for Temiscouata.

It is obvious that the maximum school age cannot be lower than the minimum compensation age.

Data are not available about the efficiency of high pressure technical training in a short time but I fear it is not any better than high pressure salesmanship. Not only is actual knowledge but also maturity of mind and judgment are indispensable for technical trades just as maturity of body and good health are for normal labor. Uncalled for delay and tremendous waste in production are to be expected, should compulsory school age be lowered.

* * *

Dr. Kenneth H. Rogers

Canadian head of the international Big Brother Movement, Toronto.

There is insufficient evidence that the present labor shortage is serious enough to justify reducing the school leaving age. There are still unskilled older men with family responsibilities who are often unable to find work.

The large quantity of labor to be released by conversion of non-essential industries to war work should be absorbed before school children are drawn on. The average child of fifteen is physically, mentally and emotionally immature for industrial life. Statistics show that industrial accidents rise as age of workers is lowered.

Drafting of school children into industry would worsen the post war glut of semi-skilled labor and leave huge problem of retaining and reabsorption.

* * *

Rev. Norman Rawson

Of Hamilton, prominent in recruiting and patriotic campaigns.

I am opposed to lowering of compulsory school age for following reasons:

1. It has not yet been demonstrated that it is necessary. There is sufficient labor still available in non-essential industries. When these are thoroughly combed, and men and women, even in priority war industries are employed to their maximum, which is not the case at present, it will be time to think of such a drastic move.

2. Hazards of modern industry are too great to expose immature children. There is a great difference between children of fourteen and those of sixteen in this regard.

3. In a long war we would lose. The extra years in training will ultimately be of advantage to industry in efficiency and output.

4. Lowering age will expose youth to great moral danger. Due to war-time conditions, the amount of money paid would be out of keeping with the young employee's age; would give them a wrong conception of values and after peace would leave us with a legacy of dissatisfied young men.

* * *

M. J. Sheehy

President, Shoe Manufacturers Association of Canada, vice-president, John Ritchie Co., Ltd., Quebec City.

Don't consider lowering the compulsory school age.

The most acute labor shortage seems to be in farm help and domestic service where immature workers are not efficient.

Let us give our youth all the school training possible. I would spare them the effects of factory or mill environment as long as possible and would intensify practical and vocational training to a greater extent. The boys and girls now within a few years of average leaving age are the ones who must be fresh and vigorous to take up the burden of industry after the war and to replace the war's unavoidable casualties.

* * *

H. F. Thomson, K.C.

Chairman, Regina Public School Board.

There is no labor shortage in Saskatchewan at present and unless the industrial facilities of the prairie provinces are more adequately used for war purposes, as they should be, no such shortage is likely to occur for some time.

Children who leave school and earn high wages will find it extremely difficult to resume their studies after the war in my opinion, therefore, the compulsory school age should not be lowered except in case of real national emergency and then only as a last resort.

How Important Are Drives for Salvage?

Householders Could Save Canada an Estimated $12 Millions a Year, According to Officials of This Patriotic Enterprise

How big a factor in Canada's war effort is salvage?

Nobody knows exactly.

How big a factor SHOULD it be, in a real "all-out" war effort?

Here is one answer.

If every household in Canada saved, per month:

Bones	8 lbs.
Magazines	10 lbs.
Other waste paper	10 lbs.
Aluminum	1 lb.
Other metals	10 lbs.
Rags	6 lbs.
Fats	3 lbs.,

then donated them to local salvage organizations, war charities would benefit to the extent of $1 million per month. Perhaps even more important than this, many crucial shortages would be substantially eased.

This is not an impossible or unreasonable objective, taking all households in Canada, rich and poor, large and small, together. The monetary return for this salvage is based on current prices for the materials mentioned.

It is, of course, quite impossible to estimate the potential salvage in Canada, either in total, or per year. The National Salvage Office has set no maximum or objective. Its only objective is to garner as much salvage as possible.

Salvage collection on such a scale, and with such intensity, is something new for Canada. For many years Canada's way of life has been a rather prodigal one. When an article broke, wore out, or no longer appealed, it was easier, quicker, and even cheaper to throw it away, produce new raw materials, process them and make a new and better article. Only in a small and haphazard way have we been returning to industry the materials which were in the articles we threw away.

Two Kinds of Salvage

With such a background, it is obvious that Canada has a tremendous backlog of salvageable materials, tucked away in dark corners of big plants and small garages, in attics and dumpheaps, thousands of tons of it.

This is one kind of salvage, which is being searched out with determination by organized hunters.

There is another kind, found in those articles or materials which daily pass through consumers' hands. The most important of these are mentioned in the list above. These are all perishable commodities, and are constantly being replaced.

To perform this vitally important work (and the vital importance of it did not strike the democracies until many costly years after it had been realized by our enemies) some 2,700 local salvage committees have been set up and are operating in every section of the Dominion. These volunteer workers have been urged to gather up as large a quantity of very kind of salvageable material as their collection facilities and amount of help permit. The various local committees are co-ordinated by a branch of the National War Services Department in Ottawa.

Apart from the Herculean task involved in making an estimate of the amount of salvage material available in Canada, and the big expense of such an estimate, the difficulties are added to by the fact that theoretically, the amount available diminishes in direct proportion to the success of the salvage effort. Moreover, items such as paper, rags, bones and fats, which are continuously available, will also be reduced in quantity as consumers receive less of them due to war curtailments.

In addition to the salvage work done by the local volunteer committees under the National Salvage Office, there are other forms of reclamation work going on. There are, for example, the small door-to-door junk collectors, whose total salvage collections are tremendous. There is also the industrial salvage work done by large firms having quantities of millings, clippings, left over materials, and scrapped machinery. It is impossible to discover the amount collected by these various groups. Some of it is canalized through the waste material dealers, some of it goes straight back to industry, and no total figures have ever been collected.

New Freight Rates

The National Salvage Office is collecting its own figures, but William Knightley, national director, reports that it is too early to get 1941 figures yet. Many outlying salvage organizations have uncompleted sales transactions of materials gathered during 1941, and such figures have accordingly not yet come in. Other organizations have made large collections of mixed salvage materials and are waiting completion of the new freight rate adjustments to ship them to the newly arranged sortation centres. Officials express confidence that when such figures are available they will be satisfactory and reflect good work done.

The various controllers set up by the government are giving increasing attention to the quantities of secondary materials the national salvage campaign is unearthing, because they definitely supplement the available supplies of raw materials. This is especially true of rubber salvage, which has suddenly become of vast importance due to outbreak of war in the Far East. It has been said that until rubber comes again from the southwest Pacific, chief source of new rubber on this continent will be old rubber salvaged from other uses. If the unofficial estimate that when the Japanese made their attack, United States had on hand only about five or six months rubber supply, is accepted, importance of rubber salvage is made very real.

"An Even Better Year"

Less dramatic, but equally real, is the contribution made to available supplies by the salvage of iron and steel, secondary textiles and waste paper. These two latter, of course, are actually raw materials in themselves. Waste paper is the raw material for the manufacture of corrugated board for the shipping of military supplies, while secondary textiles, which is a polite way of saying "rags," are shredded and made into machine wipers used by hundreds of thousands in war factories.

Whatever the results of 1941 were, it is hoped that an even better year will be experienced in 1942, as the need for salvage penetrates the public conscience, and as the various organizations handling the problem begin to mesh. The regional organization of salvage activity was recently strengthened by the appointment of eight provincial organizers whose job includes visiting all voluntary salvage committees, organizing new committees in communities where salvage work is economic, tendering advice on marketing problems, sortation problems, and so forth. These men are field liaison officers between the local salvage committees and the National Salvage Office.

CONSTRUCTION HEAD

J. B. Sterling, vice-president E. G. M. Cape Co. Ltd., of Montreal, who was elected president of the Canadian Construction Association at the annual meeting of that organization last week.

★

It's not only what you leave —it's how you leave it

Of course it's important to leave an estate to take care of your family.

But it's also important to leave the estate in such a way that it will be carefully managed so as to provide as much income, with as much regularity, as possible.

Many men establish trust funds, with the Crown Trust Company as trustee, for the continuing protection of their families. May we have an opportunity to tell you about our Trust Service in person?

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Rev. M. Zeidman, Director
726 BAY ST.
TORONTO
WA. 9855

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We feed the hungry, clothe the naked, irrespective of race or creed.

A non-denominational Faith Mission that *Urgently Needs* and *Fully Deserves* your support.

AS I SEE IT...

BY *The Honourable T. A. Crerar*

MINISTER OF MINES AND RESOURCES

As I see it, many Canadians are only now beginning to understand this war. For almost two years the speeches of Mr. Churchill, Mr. Roosevelt and Mr. King have been heard in hundreds of thousands of Canadian homes. They have been published in the newspapers. We have read of the cruelties of the Nazis, the poltroonery of Mussolini, the savage rape of China by Japan... but somehow we still felt pretty comfortable. It was all so far away from us.....

How did this terrible calamity fall upon the world? Through the fierce, ruthless and uncontrolled ambition of a few men who planned to make force the ruling power in the world, and the easy-going, comfortable ways of the freedom-loving people who were blind to the menace which threatened their destruction.

How did Hitler reach his victories? Not because the German soldier is better than those opposed to him, but because by careful planning and by hardships and self-denials imposed by force upon his people, Hitler won a long start in the preparation for ruthless war.

But there was one other factor, and when the whole story is written it may well be counted as the most important. It is summed up in the word "propaganda". Perhaps the better word is "Fifth Column work". In the nine years since Hitler came to power he has spent hundreds of millions of dollars to break down the "will to resist" of those people whose countries he desired to control. Germany looked upon France as her most powerful opponent, and Hitler succeeded in creating a disunity in France which, when the test came, brought swift and complete collapse. To the same end, Hitler's agents worked successfully in Denmark, Holland and Norway and wrought disruption in Belgium. They penetrated every country in South America. They worked in the United States. They reached to far-away Japan and found there a willing co-worker.

What is the lesson of all this? It is that the first need of our own, or of any, country which truly seeks to destroy those evils which in turn seek to destroy them is a united WILL TO VICTORY. To that end .....

We must endure, and *we must* work, and *we must* give;

We must discipline ourselves to travel the hard road which lies ahead;

We must keep steady and not lose our heads. If the firemen dispute and quarrel, the building burns down.

We must keep a sense of proportion. We are only one of more than a score of countries engaged in the great task;

We must maintain our Navy and our Army and our Air force;

We must produce the foodstuffs and the metals and the timber, the tanks and the 'planes and the ships and the guns — and *we must* let nothing of whatever sort stand in the way of doing this to the utmost limit of our abilities;

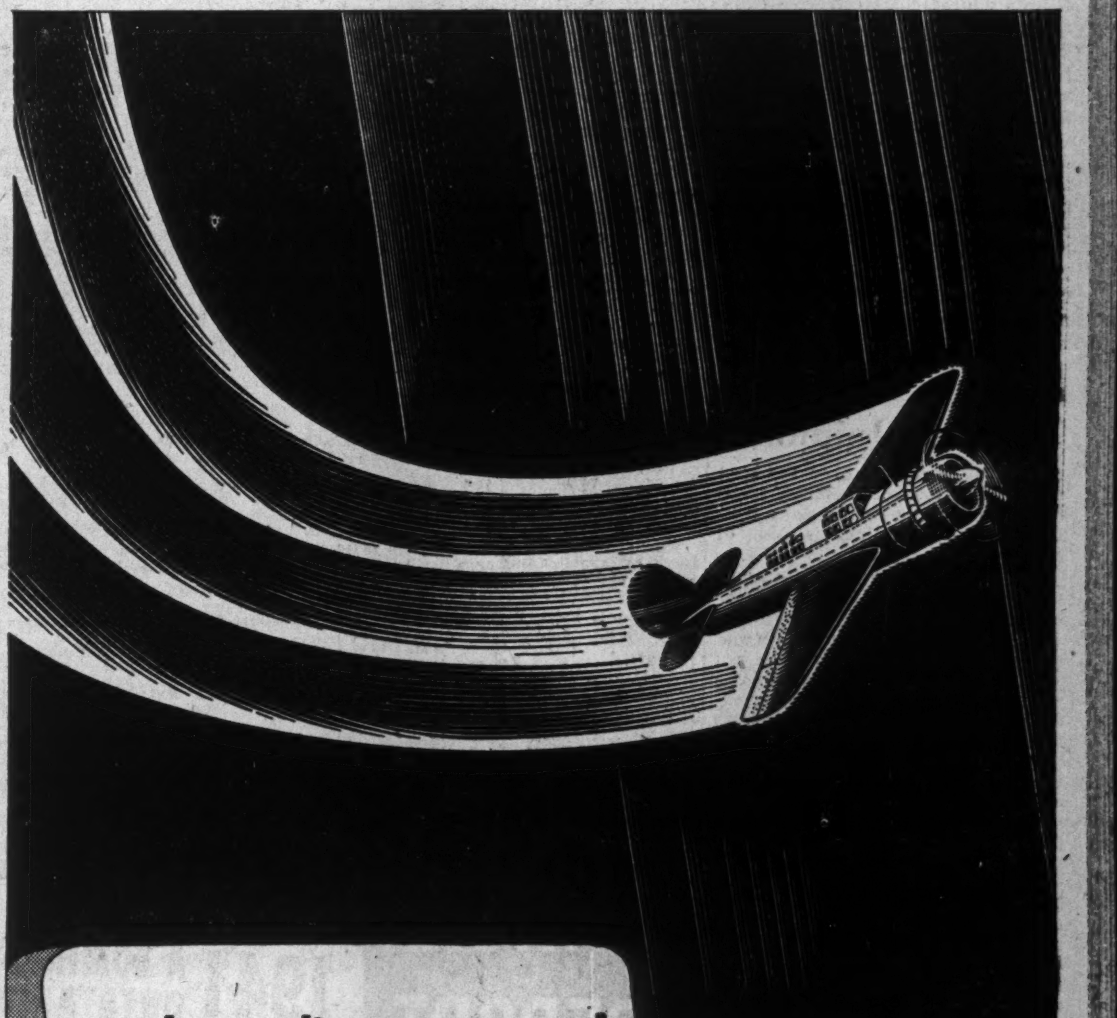
We must have vision and understanding; vision to see the real meaning and purpose of this war and understanding to submerge differences and put our last ounce of effort into it.

As I see it . . . .
No easy hope
Shall bring us to our goal,
But iron sacrifice
Of body, will and soul.

T. A. Crerar
MINISTER OF MINES AND RESOURCES

★ This article is the second of a series, by Canadian legislators, on matters of vital World and National interest. This series will be published in newspapers across Canada; the next to appear on February 4th, followed by others on alternate weeks thereafter

This space is donated to Canada's United War Effort by the Hull Steel Foundries Limited



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Investment Trends

Dividend Limitation Not In Ilsley Policy

Finance Minister Says Matter Considered But Turned Down — Sees 1941 Profits Up But Decline Likely For 1942

Government policy in Canada is against control of dividends, according to Finance Minister Ilsley, in an address before the Toronto Board of Trade.

He made it clear that demands for such action had been made on the government and that it had been carefully studied. But it had been turned down and the reason is one that lacks nothing in realism.

Mr. Ilsley states that the government gets between 40% and 60% of any increase in dividends and loses the same proportion of any decrease. It is thus to the government's interest to encourage dividend payments just because it means another way to assure that revenues pass into government hands.

He argues that the great bulk of all dividends are paid to persons paying income taxes at high rates. Thus dividend income is taxable at above average rates. He cited the case of one closely-held company where major stockholders and directors "felt it their patriotic duty to pay increased dividends in order that in this time of emergency the country should receive the increased taxes on their own personal income which would thereby result."

Forecasts Lower Profits

While this statement ends fears investors may have had that government measures would be made law to control dividend payments, Mr. Ilsley was not quite so reassuring when he talked about company earnings. Profits, he feels, should be carefully controlled under present-day circumstances. This has to be done by taxes, aided in the current year by price control measures.

He cited figures he had prepared last September to show that aggregate company earnings in 1940 were less than 6% above 1939 and added his belief that 1941 would see approximately the same gain over 1940.

But for 1942 Mr. Ilsley sees it likely that profits on the whole will decline below last year's levels—how much he did not attempt to forecast. Primarily, it appears this will be due to the effect of price control to which can be added the unknown impact of priorities on materials and output. He made it clear that the government would not hesitate to take any further measures to control either profits or dividends if such action became desirable.

* * *

Bare of Comforts

There was not much more in Mr. Ilsley's address that can give comfort to investors. There was almost definite assurance that taxes next year will be higher than this, an assumption backed by estimates of fiscal requirements of $3 billions for the coming year. There was clear indication that some further repatriation of British-held Canadian securities would come although the only specific case mentioned was that approximately $295 millions of Dominion and C.N.R. securities now held in Britain would be redeemed ahead of maturity as part of the new deal with Britain.

But there were two major, although indirect, ways in which investor confidence should be supported. There was continued emphasis on sound financial policies and a determination to lick inflation before it gets really started. There was an avowed and final end to "business as usual" as a part of the wartime policy and in its place clear emphasis on turning all efforts toward the supreme purpose of winning the war.

It may be a hard outlook but it is not one that gives any excuse for loss of confidence. We are fighting for a way of living which we consider worth fighting for and in this way of living an enlightened capitalism has a vital part to play. Nor is there in evidence a threat of unwarranted interference with established institutions.

Traffic Executives To Hold Meeting

Twenty-sixth annual meeting of the Canadian Industrial Traffic League will be held Feb. 3 and 4 at the Windsor Hotel, Montreal.

Chief guest speaker at the gathering will be Dr. W. A. Mackintosh, Chairman, Canadian Section, Joint Canada - United States Economic Committee, who will speak on "A Review of Canada's Financial and Economic Policies."

Market Opinions

With little change over the past week, stock market comment tends to regard the present phase as a testing area to determine direction of major moves.

Barron's, N.Y. (The Trader)—The longer the market remains quiet, the healthier are the long-term implications. Retracement of the ground gained in the January rise is not particularly disturbing considering the rapidity and scope of the rebound. Penetration of the 1941 lows would constitute no calamity. What is needed is a process of consolidation characterized by dullness and sagging quotations which sufficiently extended would form a solid base for the beginning of a dynamic upward movement. Straight corporate taxes of 40% and excess profits as high as 80% are now generally conceded, and any improvement upon such a schedule would probably be optimistically interpreted. Many weeks, however, will probably elapse before a final bill is ready for congressional consideration and, in the meantime, uncertainty will persist. Once Wall Street knows the worst, accumulation of stock should become more vigorous in a price area that has made allowance for 90% or more of the worst.

* * *

Brookmire Counselor, N.Y.—This period is essentially one of active business, rising price level, rather good earnings and generous dividends, though uncertainties obviously exist in the mobilization of industry for war, the pending tax bill and the shifting tide of battle. Until the immediate market prospect clarifies, it seems prudent to hold back available cash a while longer; but present holdings of stocks benefitting from armament and inflationary trends, should be maintained.

* * *

Magazine of Wall Street, N.Y.—We suggest new purchases be deferred, believing that uncertainty regarding the near-by federal tax programme will be a dominant factor in holding back the market, with war doubts constituting a secondary drag. We advise against liquidation unless dictated by individual considerations, but regard the sidelines as the best place for potential buyers for the present.

* * *

Financial World, N.Y.—There is no convincing evidence that the stock market, by and large, has yet established the sort of base from which a sustained rise usually develops. It may be that such a base will be found somewhat below current levels, but prices for a long list of stocks of but five or six times earnings, and yields of seven to ten per cent from dividends enjoying adequate protection, would appear to constitute an effective barrier to a protracted period of further liquidation.

Generous, Realistic Said Of Deal With U.K.

(Continued from page 1)

and to bear interest at some agreed rate after the war.

The loan would be paid off in Canadian dollars. Any further repatriation of British-held Canadian securities, outside of the Dominion and C.N.R. issues, would be credited to this loan account so that the loan may be reduced below $700 millions before the end of the war.

8. In addition, Britain will send up $295 millions more of Dominion and C.N.R. securities held by her citizens, thus cleaning up the last of these securities held there.

It will be noted this will leave Britain with a credit of $176 millions of Canadian dollars, which will be available for spending here before the billion dollar gift need be drawn upon.

After this credit is used up — the statements of Mr. King and Mr. Ilsley are taken to imply—Canada will make gifts of food, munitions and other supplies sufficient to cover the amounts Britain cannot meet through exports, earnings on Canadian investments, etc. The amount fixed is $1 billion, which will cover Britain's financial needs in Canada until early in 1943. The implication is that, if the war then is still on, a new agreement will be made offering further free-will contributions to Britain.

In brief, the plan provides that Britain pays, either in Canadian or her own securities, for what she has bought to date in Canada, and will pay for nothing more, except to the amount she can earn here from trade and investment income.

Britain will have paid Canada in securities officially or unofficially repatriated and in the form of her own bonds for $1,495 millions of materials and will get her needs beyond that figure either in exchange for goods and "invisible" exports or free of charge.

Different from U. S. Aid

The plan differs from United States financial "aid" in material aspects.

First Stage The United States charged hard cash for everything supplied to Britain until the U.K. had scraped the bottom of the barrel of her investments in the United States.

Under the Canadian plan, Britain uses up all her government and C.N.R. securities in Canada but still retains investments in this country to a value of about $1,900 millions, against which she will owe Canada about $700 millions.

Second Stage When the U. S. used up her U. S. cash resources, the Americans introduced Lease-Lend. Until a settlement of Lease-Lend is arranged, probably after the war, it will not be possible to say whether or not it represents a light or a heavy obligation—measured in financial terms—for Britain. At the moment no one knows whether Lease-Lend is just fictitious bookkeeping or a heavy debt by the U. K. to the U.S.A.

On the other hand, the billion dollar gift by Canada—plus other gifts that are likely to follow—represents an acceptance by Canada of the principle of pooling of resources. Britain will not owe Canada a dollar at any time for the supplies to be contributed to her under the new plan.

Maintaining British Strength

Apart from acceptance of the principle of "pooling of resources" to fight a joint war against a common set of foes, the plan is understood to have been based upon another consideration.

Ottawa holds the view, The Financial Post learns, that it is essential to Canada's future prosperity that Britain should be maintained as a prosperous nation, affording a continuing market for Canadian wheat, bacon and other products.

Still a third consideration was the fact that it was most desirable for Canada to set a good example to other countries to whom Britain has become indebted: countries such as India, Argentina and the United States. It is hoped that Canada's example will be followed by other nations.

Britons Uninformed

Outside of official and financial circles in Britain, there has been little knowledge in Britain of the character of Canada's financial assistance to her.

For instance, it has been generally assumed by the average man there that Britain paid the cost of maintaining Canadian troops in the British Isles and was paying cash for her purchases in Canada. But in official circles the arrangements were better understood. There was much appreciation of Canada's "understanding" assistance.

"Magnificent" Aid

Official Britain has felt that Canada had been most generous, not only in her military effort, but in enabling Britain to buy in Canada without exchange embarrassments.

It was recognized, though, that the large accumulation of sterling was certain to create an embarrassing post-war problem—and one that might create mischief and misunderstanding in the relations of the two countries.

Repatriation Thought Fair

Views differed as to repayment. There was a general feeling that repatriation might continue during the war, up to Canada's absorptive ability, and willingness to accept provincial and municipal bonds; and that repatriation might continue in the post-war period.

There was practically no suggestion that Canada—a debtor to Britain—could be criticized for wanting to pay off some portion of the obligations of its people to Britain.

Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Mill. ing 3	Oils 4	Textiles and cloth-ing 10	Food and allied prod. 12	Bever-ages 7	Bldg. mater. 15	Power and trac-tion 15	Banks 8	Total utili-ties 19	Total co's. 95
(Base 1935-39=100)												
1929-40:*												
High	345.7	564.5	222.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.5
Low	68.5	48.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941: Monthly Figures:												
Jan.	77.6	74.1	72.1	51.6	110.6	96.3	104.3	84.0	75.4	94.7	77.3	71.3
Feb.	72.9	63.8	69.5	48.7	105.0	90.1	96.6	77.3	68.8	90.9	71.3	66.5
Mar.	73.6	65.4	69.5	49.5	103.1	87.9	93.7	78.5	67.0	89.9	70.7	66.8
Apr.	73.2	63.9	68.6	49.4	101.3	88.6	88.1	77.8	62.2	89.7	68.2	65.8
May	71.8	59.7	63.4	51.3	97.4	88.6	82.8	74.4	60.3	88.3	65.2	63.9
June	72.0	59.5	67.5	48.0	101.1	90.1	87.3	74.9	62.0	89.0	67.1	64.0
July	76.3	66.1	67.5	48.4	105.7	90.5	94.3	77.8	65.3	89.7	70.6	67.5
Aug.	76.8	70.2	72.4	49.1	106.3	91.8	95.7	79.7	64.4	89.7	71.2	67.8
Sept.	80.5	78.5	78.1	51.3	108.4	93.3	102.4	82.4	68.8	91.2	74.7	71.0
Oct.	78.3	75.5	74.5	51.2	105.7	91.9	98.7	78.9	67.2	90.8	72.5	69.1
Nov.	78.2	76.4	74.9	52.9	110.0	91.0	102.6	77.8	65.5	91.7	71.1	68.8
Weekly Figures:												
Dec. 4	78.3	77.0	76.1	50.8	110.8	91.5	106.6	78.0	64.1	91.4	70.6	67.9
Dec. 11	75.6	72.8	69.8	50.3	110.0	89.9	101.6	75.9	62.1	91.1	68.3	67.0
Dec. 18	74.5	71.3	71.3	48.0	110.3	92.0	104.2	74.0	61.5	89.8	67.1	65.9
Dec. 26	74.4	71.7	71.3	47.6	110.3	92.1	105.6	74.5	63.1	89.9	67.8	66.8
1942:												
Jan. 2	74.5	71.5	72.4	48.5	110.4	91.6	106.1	75.1	64.0	90.3	69.9	68.2
Jan. 8	73.3	73.1	75.7	46.7	113.5	91.7	102.1	75.5	63.8	90.9	69.6	67.1
Jan. 15	74.8	72.8	75.3	46.5	112.7	89.5	99.0	74.8	63.8	90.9	70.3	67.0
Jan. 22	74.2	72.8	74.6	44.9	112.2	87.2	98.1	75.3	65.2	91.3	70.9	66.4

*High and low for year from 1929 to 1940 inclusive are based on weekly figures issued by Dominion Bureau of Statistics. For 1929 to 1938 inclusive the base is 1926=100; for 1939 and subsequent years the base is 1935-39=100.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Jan. 27	88.90	80.99	69.39	18.58
Jan. 26	89.14	81.42	69.40	18.58
Jan. 24	89.42	81.29	69.17	18.60
Jan. 23	89.63	81.34	69.00	18.56
Jan. 22	89.54	81.67	69.19	18.56
Jan. 21	89.82	82.25	69.16	18.58
Month ago	91.95	82.18	67.77	18.35
Year ago	98.56	105.38	66.82	20.89
High 1941-42	103.48	109.76	75.30	21.62
Low 1941-42	85.87	80.89	59.30	16.73

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Jan. 27	43.4	60.3	54.7	74.42	53.23
Jan. 26	43.5	60.0	54.5	74.22	53.06
Jan. 24	43.6	60.1	54.6	74.49	53.40
Jan. 23	43.3	59.9	54.3	75.01	53.40
Jan. 22	43.4	59.9	54.4	74.88	53.74
Jan. 21	43.1	60.0	54.4	75.72	54.42
Month ago	41.7	60.1	54.0	74.08	53.94
Year ago	52.7	63.4	59.8	74.62	78.61
High 1941-2	54.3	66.6	62.3	88.90	79.99
Low 1941-2	41.1	52.3	49.3	58.96	53.06

Belding-Corticelli Pays $2 Extra

Belding-Corticelli Ltd. has declared an extra dividend of $2 a share on its common stock to apply to the year ended Nov. 30, 1941. Payment is to be made March 2, 1942, to shareholders of record Feb. 14.

This payment brings total dividends for last year to $6 a share, largest annual dividend paid since $7 was disbursed in 1932.

ANNUAL REPORT

1941 A DOMINION LIFE YEAR OF OUTSTANDING PROGRESS

INSURANCE IN FORCE (Including Retirement Annuities) INCREASED DURING 1941 BY $8,342,816

THE COMPANY'S TOTAL BUSINESS IN FORCE NOW STANDS AT . . . $196,711,244

PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES $3,385,029

Over $50,000,000 has been paid to policyholders and beneficiaries of the Company since organization in 1889. 69% of the amount paid in 1941 was paid to living policyholders and annuitants.

ASSETS NOW TOTAL $49,248,985
Increased during 1941 by $2,745,733

THE COMPANY'S TOTAL INCOME FOR THE YEAR WAS $8,621,861

The total of new Life Insurance purchased from the Company during 1941 *increased* 20% over 1940.

COMPLETE SECURITY FOR POLICYHOLDERS

Policy and Annuity Reserves—an amount which with future premiums and interest, guarantees all payments under the Company's contracts—were *increased* in 1941 by $2,174,484, and now stand at $40,556,449.

A complete copy of the Annual Report for the year 1941 will be mailed to you on request.

Branches in Principal Cities Throughout Canada.

THE DOMINION LIFE ASSURANCE COMPANY
HEAD OFFICE — WATERLOO, ONTARIO

Price Control Difficulties Are Easing

Seasonal Goods Rule Big Help to Retailers in Practically All Lines

Price control administrations are steadily ironing out many difficulties that have developed. This does not mean that all questions are answered—far from it—but it does mean that changes over the past week or two have been toward relaxing of rules rather than reinforcing them.

An example is the easing of installment selling terms on furniture announced a short time ago. But this very relaxation has apparently brought requests for similar treatment to other household goods. Retailers, and others, are asking why the installment terms on buying a bedroom suite should be eased and those imposed in buying a rug held rigidly as before. It is said that the trade hopes that some concessions will be made on other household items, many of which are already subject to strict control through the supply angle.

Seasonal Rules Help

New rules for handling seasonal merchandise went a long way toward easing the burdens of many merchandisers. It settled the problem of how to deal with goods coming for sale next spring and bought at prices well above those paid for the similar goods sold in the spring of 1941.

For the hardware trade, for example, it is said that this single change eased most of their problems. A great deal of the regular hardware lines are seasonal. In the spring there are garden tools, screens and other items. In the fall there are items needed in getting ready for winter. These have to be bought months in advance of the time they are sold. Retailers were caught badly if they had not obtained relief through the seasonal goods ruling.

It is still true, The Financial Post is told, that individual hardware dealers have problems of their own that need adjustment. One man may have been selling hammers, or brushes, for example, out of line with his competitor in the base period because of advantageous purchases. Now the retail administrator has power to adjust such individual cases on application and proof of necessity. The major problem here is one of supply.

In the clothing trades, there are some questions unanswered. For example, retailers who have been depending on Britain to supply them with gloves are continuing to place orders for future delivery months from now and at higher prices. They do not know definitely where they stand. An indicated ruling is that gloves are not wearing apparel and therefore qualify for a subsidy. But this is an uncertain basis on which to do business and an unofficial ruling that apparently does not carry the complete confidence of retailers and importers.

Foods continue to provide most of the headaches and these have slopped over into the restaurant business. Restaurants come under the heading of services for price control purposes. But other administrators handle some of their major cost items and in some cases these are rising in spite of price control.

Food is the best example and always a large item in restaurant operation. Some of the main foods, such as fresh fruits and vegetables and some meats, however, are either left out of price control or have recently been permitted price increases. The result is trouble for restaurant operators.

Meats have proven one of the most difficult items to handle in price control work. A recent order permits a graduated price rise on lamb.

These adjustments are said to compensate for the costs of feeding and carrying lamb, either live or dressed. They are also said to recognize some differences in quality.

Looking farther ahead it appears that general Wartime Prices and Trade Board policy is going to be to gradually cut down on subsidies after allowing businesses an opportunity to adjust themselves to the emergency. It is said that the subsidy granted on grapefruit juice which caused some controversy is of this nature. At first WPTB will deal quite generously with applications for relief by way of subsidy. Later on this is not likely to be the case.

Also in the future is a potential problem of second hand goods. This is hardly a problem as yet but may easily become one as supplies of many articles become scarce. This situation is not covered by any policy at present but will probably be met when it arrives.

Crown Trust Company

STATEMENT OF ASSETS AND LIABILITIES

As at 31st December, 1941

ASSETS

CAPITAL ACCOUNT:		
First Mortgage Loans		$ 434,822.02
Call and Time Loans		105,450.00
Dominion and Provincial Bonds		233,555.00
Other Securities		78,173.74
Property held for Sale		62,749.49
Interest due and accrued		6,570.49
Sundry Accounts Receivable and Charges paid in advance		17,159.04
Cash in Office and Banks		146,184.93
Office Premises and Adjoining Property		394,779.94
		$ 1,479,444.65
GUARANTEED ACCOUNT:		
First Mortgage Loans	$259,775.00	
Interest due and accrued	7,389.92	
Loans on bonds and stocks	487,056.29	
Dominion and Provincial Bonds	572,445.00	
Cash in Banks	139,753.29	
		1,466,419.50
ESTATES, TRUSTS AND AGENCY ACCOUNT:		
Funds and Investments		39,882,530.94
		$42,828,395.09

LIABILITIES

CAPITAL ACCOUNT:	
Capital Stock fully paid	$ 1,000,000.00
Reserve Fund	400,000.00
Profit and Loss Account	49,656.49
Sundry Accounts Payable	3,372.33
Provision for Income and Excess Profits Taxes	26,415.83
	$ 1,479,444.65
GUARANTEED ACCOUNT:	
Funds for Investment	1,466,419.50
ESTATES, TRUSTS AND AGENCY ACCOUNT:	
Estates, Trusts and Agencies under Administration	39,882,530.94
	$42,828,395.09

BOARD OF DIRECTORS

R. W. Steele, President

Irving P. Rexford, Vice-President and Managing Director

W. R. Salter, K.C., Vice-President

R. C. Berkinshaw, Gerald W. Birks, Arthur H. Campbell, F. J. Campbell, W. A. Eden, F. Wilson Fairman, H. Jasper Humphrey, Arthur Lyman, J. A. Mann, K.C., W. P. O'Brien, John I. Rankin, James G. Ross, John W. Ross, Arnold Wainwright, K.C., Percy R. Walters, Arthur B. Wood

Printed copies of the Company's Annual Report for 1940 are available to anyone interested.

• MEMO TO ADVE[illegible]

How you can be in a lot of places... *at one time*

If you could make regular, personal calls on your best customers and prospects and talk to them about your merchandise and service, that would be the most effective kind of selling.

Of course that is not possible but you *can* give a friendly, newsy talk about your business to the best families in our community through the advertising columns of this newspaper. You can describe your merchandise or service, quote prices and *sell* to a lot of people at one time.

But you wouldn't make a lot of personal calls at random, would you? It's just as important that you know where your advertising goes. That's the reason this newspaper is a member of the Audit Bureau of Circulations, so we can give you audited facts and figures about our circulation—where, how much, how obtained, how much people pay for this paper and other essential information that you should know and have a right to know when you make an investment in advertising.

The Bureau is a cooperative association of 2000 publishers, advertising agencies and advertisers in the United States and Canada. Organized in 1914, its purpose is to furnish advertisers with verified information about the circulation of its publisher members.

The Bureau maintains a large staff of trained auditors who make an annual audit of the circulation records of each A.B.C. publication. With the facts thus obtained, published in A.B.C. reports, it becomes possible for advertisers to select media and buy space on the basis of known and verified circulation values.

THE FINANCIAL POST

ABC *This newspaper is a member of the Audit Bureau of Circulations. Ask for a copy of our latest A. B. C. report giving audited facts and figures about our circulation.*

A. B. C. = AUDIT BUREAU OF CIRCULATIONS = FACTS AS A MEASURE OF ADVERTISING VALUE

Ontario Faces Power Shortage

(Continued from page 1)

available from all sources approximately 2,400,000 h.p. at present. But of this only 2,175,000 h.p. "may be termed dependable power." By this distinction Mr. Smith meant that allowance has to be made at all times for various factors that may prevent a power plant from operating at its rated capacity. For Ontario Hydro to get 2,400,000 h.p. all plants would have to be operating at rated capacity and all purchased power being delivered.

This is too much to count on. Ice, for example, may clog intakes at Niagara and temporarily reduce the amount of water that can be put through the turbines. A generator may have to be shut down for repairs; low water levels may adversely affect certain plants.

Compare these official figures for "available" and "dependable" power with actual peak load figures for December when Hydro reports 2,202,612 h.p. for peak primary load and 2,298,485 for combined primary and secondary.

A 400,000 H.P. Shortage

Taking these figures as approximately correct, a possible shortage of perhaps 400,000 h.p. is indicated—the difference between "dependable" power at present ready for the Commission and what seems to be a conservative estimate of what next fall's peak may be.

Where is this apparent "shortage" to be made up?

To begin with Hydro counts on its new 54,000 h.p. plant at Barret Chute on the Madawaska River in eastern Ontario being ready by July this year. Delays have been encountered in getting delivery of materials and equipment but the July deadline should be met. This is 60-cycle power, such as is used in eastern Ontario and will probably make the Eastern Ontario System self-sufficient.

Call on Beauharnois

Then there is 25,000 h.p. under contract from Beauharnois which is due to be delivered Nov. 1 next. It seems reasonable to expect that Hydro will ask Beauharnois to advance delivery date on this block perhaps to the summer months. Such action is provided for in the contract in case of an emergency.

There is another 25,000 h.p. block of Beauharnois power also under contract which is not scheduled for delivery until Nov. 1, 1943. It would not be surprising if Hydro also asked Beauharnois to start delivering this power in time to help ease over next fall's peak.

Gatineau Surplus

Together these make up about 104,000 h.p., far short of any reasonable estimate of what the peak demand for primary power may be.

Ontario Hydro is now getting 15,000 h.p. from Gatineau Power Co. in addition to regular contract supplies. This is surplus power, available because of favorable water conditions at Gatineau's Bryson plant and under contract until May. Also getting under way is installation of an additional unit at the Bryson plant to provide 25,000 h.p. It is probable that Hydro can count on getting perhaps 25,000 to 35,000 additional h.p. from Gatineau.

For the balance it seems likely that Ontario Hydro will have to resort to squeezing present consumers.

Resort to Blackout

The Commission estimates that perhaps 150,000 h.p. can be switched from "non-essential" uses to war industry.

Some of this—perhaps 10,000 to 15,000—could come from shutting off outdoor signs and unnecessary illumination, such as store windows.

Ontario may experience a partial blackout before next winter due to necessity of keeping growing plants operating at full speed.

Other savings can come, it is thought from appeals to the public to cut off unnecessary use of electric power. Turning off lights in unused rooms may become a patriotic duty.

Ontario Hydro has passed its peak for this season, it is expected. This peak was negotiated with the least possible interruption to normal power use. Perhaps 100,000 h.p. was shut off on a number of afternoons between 4 p.m. and 6 p.m. from industrial users not directly engaged in war work. This policy can be extended next fall. A system of priorities is already worked out.

The DeCew Falls plant of Ontario Hydro is now under construction but cannot be ready at the earliest before the late summer of 1943, according to present estimates. The initial unit in this plant will furnish 65,000 h.p. and the plant can be expanded to perhaps 200,000 h.p. by installing additional units and by closing the existing old 50,000 h.p. plant.

All of these, however, are far from sufficient to place Ontario Hydro in a comfortable position with regard to power supplies if we assume that the war lasts longer than this year.

St. Lawrence Delays Hurt

Hydro has been greatly handicapped in making long-term plans by the delay in getting a decision on the St. Lawrence waterway scheme. Ontario has a commitment of more than $90 millions in this scheme if and when it goes ahead. In return the province would get about one million h.p., enough to care for needs for some years to come.

But there is no sign of an early decision on this question and Ontario is being compelled to look elsewhere and right away.

Turn to Ottawa River

Logical place to turn is the Ottawa River. On this river there are two major power sites that could be developed readily. One of these, the Carillon site, not far up the river from Ottawa, could develop at least 400,000 h.p. The other is farther up the river, perhaps 50 miles downstream from the junction of the Mattawa and Ottawa Rivers, at Des Joachim rapids. This site could provide about 300,000 h.p.

Both of these sites could only be developed in co-operation with Quebec province. The Upper Ottawa site might be easier, and less expensive to handle because of less potential trouble with rights and flooding of developed territory.

Until recently, Shawinigan Water & Power Co. had a lease on the Carillon site from both the province of Quebec and the Dominion. The provincial lease held by Shawinigan was cancelled about a month ago when the company failed to proceed with development within the time limit set by the lease. Shawinigan still holds the Dominion rights at Carillon, important because the Ottawa is a navigable river.

There are no strings to the Upper Ottawa site now held by any other company.

Might Make Deal

A reasonable solution, and one which it is thought would meet with the approval of most of the parties concerned would be for Ontario and Quebec to make a saw-off deal whereby Ontario might get the upper Ottawa site in return for relinquishing Ontario's claim to half of the power that might be developed at Carillon. Such a deal would do much to smooth out Hydro's difficulties.

Bringing any more power to Toronto-Hamilton district where demand growth is greatest would involve certain transmission difficulties, it is understood.

Transmission Lines Loaded

At present Hydro has four transmission lines from the Quebec border. These lines are now carrying about 887,000 h.p. and are at capacity. To add another 50,000 h.p., as will be necessary if the additional Beauharnois and Gatineau power is to be used, would overload existing transmission facilities. It is estimated that putting perhaps 940,000 h.p. over the four lines might mean a power loss on the total at the receiving end as great as 100,000 h.p. Not all of this would be avoided if the lines were not overloaded, but a lot of it could be. If a fifth line were installed perhaps 25% of this loss could be saved.

A new 220,000 volt transmission line was completed last year between Beaudet, on the Quebec border to Burlington.

Thus there already exists a good basis for building a fifth main transmission line from Quebec. If the Upper Ottawa site were to be developed such a line would probably proceed from the site to a point where it could be linked with other lines. It would provide a valuable protection against interruptions such as a "freak" storm last fall brought when it wrecked three of the four present lines. Such a new transmission line, however, in addition to costing perhaps $4 millions, would use a lot of steel and copper or aluminum. These are scarce metals and the metals controller would have something to say about it. The whole plan would have to be fitted into Canada's wartime production policy and would cause considerable difficulty.

Ontario Hydro is reaping the benefit of its "grid" system, installed in recent years. All of the southern portion of the province can be linked into one immense system. This is done, in spite of different frequencies used, by means of frequency changers and special inter-linking lines. It enables a power shortage in one part of the system to be supplied by surplus power in another. Without this "grid" the Georgian Bay System, for example, would have felt a severe pinch for the past couple of years. With it the Niagara system's 25-cycle power can be fed into Georgian Bay's 60-cycle circuits and keep customers satisfied.

Right now there is a bit of a bottleneck at the Chats Falls frequency changer. This was originally installed to switch 25-cycle current to 60-cycle and the transformers and other equipment was made with this in view. The plant was supposed to work both ways but now it is found that working it both ways on the scale needed is very difficult. The Chats Falls plant needs a new battery of transformers to handle its job but getting these transformers is another story.

Need Reserves Badly

Ontario Hydro is almost totally lacking in power reserves even at present. It was able to squeeze through last winter's peak and should be able to get along this year until fall.

But Hydro officials would certainly feel much more comfortable if they had say a 10% reserve to come and go on. The result of current conditions is that equipment must be worked at capacity all the time. Normally, Hydro takes advantage of the lessened power demand during the summer months to overhaul generating units. It looks as though this summer the company's overhauling work will be confined to absolutely necessary repairs, probably only carried out after actual breakdowns have occurred.

At present Hydro is getting 50,000 c.f.s. of water at Niagara. This is sufficient to keep its generating plants at Niagara working at capacity and the objective is to keep as close to capacity as possible. But ice may form in the intakes or a generator may have to be shut down for repairs, with the result that it is seldom possible to use all this 50,000 c.f.s. for any length of time.

The Mathematics of Power Shortage

	Approximate Horsepower
New war demand 1941 peak over 1940	175,000
This extra was supplied by	
Niagara system	140,000
Eastern Ontario	25,000
Georgian Bay, Thunder Bay	10,000
Estimated additional 1942 need from war industry	400,000
This means total H.E.P.C. 1942 peak need of	2,600,000
Present H.E.P.C.	
Total potential	2,400,000
Total dependable	2,175,000
Possible shortage	*400,000

*Before allowing for new power becoming available in 1942.

How Shortage May Be Met

New power

	Approximate Horsepower
Barret Chute (ready July)	54,000
*Beauharnois purchased for Nov. 1, 1942	25,000
*Beauharnois purchased for Nov. 1, 1943	25,000
Bryson	25,000

Squeeze consumer

—Rationing between essential and non-essential uses.
—Cut down on signs, window displays.
—Partial blackout.
—Patriotic appeal for conservation, domestic and commercial.

*Deliveries might be very considerably advanced.

Woman Executive Available

WOMAN with 15 years experience in social work administration in private and governmental agencies would like a position in Vancouver or Montreal. Has been employed in child care, family welfare and unemployment relief agencies. Graduated as Bachelor of Arts, has a School of Social Work diploma, and a first class teaching certificate. Capable as correspondent and lecturer. Has travelled in Europe, and sojourned in Asia. Now employed administering a budget of $110,000 a year. Capable of organizational and executive work in connection with personnel and plant and office management. Would require a minimum salary of $4,000 a year. Address all replies to Box 230, The Financial Post, Toronto.

Envelopes
for every purpose
Barber-Ellis of Canada, Limited
TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

Brazil May Make Own Newsprint

Brazil may build a mill to make newsprint in the large pine producing area of Parana, according to reports from New York. Estimates that the proposed factory would have a capacity of between 80,000 and 90,000 tons annually of pulp products indicate that Brazil would thus become self-sufficient.

In 1940 Brazil took 33,159 tons of newsprint from Canada. Later figures are not available.

Brown Co. Costs High

Application for the payment to 51 applicants for services and expenses rendered, or to be rendered, in the administration and reorganization of Brown Company has been made. Hearing will be held Feb. 10, 1942, in the U. S. District Court at Portland, Maine.

Total amount of compensation now applied for is $987,287 and expenses involved total $100,328. In addition, some of the applicants have already received $184,364 on account of services and expenses. This brings reorganization and bankruptcy expenses for Brown Company to $1.3 million to date with certain fees still to be settled as mentioned below.

At the same time a hearing will be held on the application filed on behalf of banks and trust companies for approval of the schedule of fees for their services and expenses in issuing the new securities provided in the plan of reorganization of Brown Co.

Brown Co. is paying $1.7 million the principal of the loan secured from the Reconstruction Finance Corp. The payment is being made through the sinking fund and will leave a balance of $2.9 millions still due under this loan.

Edmonton Utilities Report Good Year

From Our Own Correspondent

EDMONTON. — Edmonton's five municipally owned public utilities rolled up a profit of $1,090,649 during 1941, an increase of $19,622 over the 1940 figure, according to an interim report by the city comptroller. After business taxes of $605,739 were charged against them, the utilities showed a net surplus of $484,910 on the year's operations.

Only the street railway system showed a deficit. This amounted to $65,603. Net surpluses of the other four utilities were: electric light, $131,083; power house, $223,430; telephone, $170,999; waterworks, $25,000.

During the year $559,589 was put into a fund for renewal reserves and $623,355 was spent out of reserves. The expenditures mainly went toward completion of power plant extensions.

The city also completed its most successful tax collection year. Total collections of $4,144,641 represented 113.5% of the levy. The previous percentage peak was 111.5 in 1940.

British Columbia Hoping To Get Steel Mill Soon

From Our Own Correspondent

VANCOUVER.—Establishment of steel mills in British Columbia is feasible "under certain conditions," according to a report made by the Cleveland engineering firm of Arthur G. McKee & Co., but just what those conditions are will not be known until the provincial government sees fit to publish the document.

Meantime the report has been the subject of brief reference in the legislature by W. A. Asselstine, former minister of mines, who blamed "eastern interests" for the apparent apathy toward steel mills on the west coast.

It was stated that the McKee survey recommended Vancouver Island as the most suitable site for the mills—probably a point near Union Bay, close to magnetite ore deposits and coal as well as tidewater shipping facilities.

Meantime United States mining companies are said to be interested in development of iron deposits on the Alaska panhandle with a view to reviving the steel industry in Puget Sound. This development has revived interest in the iron ore deposits recently located near Zeballos, on the west coast of Vancouver Island, which are said to have attracted the attention of eastern Canadian mining men.

The U. S. Geological Survey has completed a report on the Kasaan peninsula, Alaska, iron ore and has suggested that it could be transported economically to mills on the west coast of the United States, to be processed by power from the Grand Coulee and Bonneville projects. If this is not proceeded with, in the view of west coast mining men, British Columbia will "miss the boat" once more in development of her natural resources.

Bond Markets

Municipalities Stronger At End Of 1941

Steadily Improving Tax Collections, Reduction of Borrowings Through Prepayment of Taxes Bring Favorable Financial Returns For Year

The strong position of municipalities generally across Canada continues to be one of the brightest spots in the investment outlook. For the most part, tax collections are reaching new highs, although the steady reduction in arrears of uncollected taxes is decreasing the amounts being realized from this source.

A sign of the times is the increasing importance of prepaid taxes. Payment of taxes at the beginning of the year, before the new mill rate is struck, cuts the need for bank overdrafts or other borrowings to fill the gap between the year-end and the first tax collection date. Taxpayers who meet their oblgations in advance receive an interest allowance, usually 2% to 4%, which is largely offset by decreased interest and collection costs to the municipality.

Fewer Overdrafts

An indication of the importance of the prepayment policy is afforded by Edmonton which collected in 1941 an all-time high of $1.2 millions in advance property tax remittances, an improvement of $62,000 over the 1940 total. The heavy prepayments at the start of 1941 in Edmonton allowed the wiping out of a bank overdraft of $820,000.

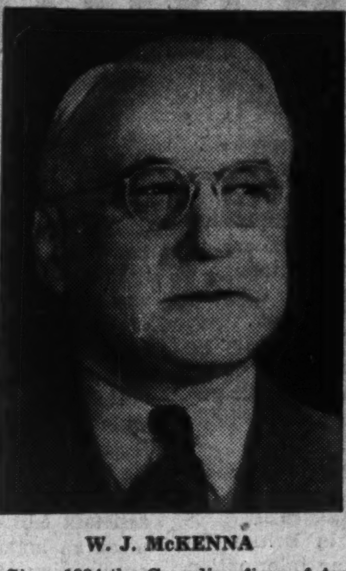
In Medicine Hat the tax prepayment scheme meant that no bank overdraft was carried over from 1941. The city had funds on hand at the end of the year and carried out no borrowing during 1941.

Sudbury, at Dec. 31, 1941, had $166,261 on hand as compared with $78,350 at the end of 1940. This amount is stated to be sufficient to carry on the city's operations until April 1, when it would normally be necessary to borrow $61,000 from the banks and later increase this amount to $192,345 by May 26, except for the tax prepayment system.

With the system in effect, city officials say that no loans will be required until late in the year, and possibly none at all. It was not necessary for Sudbury to borrow any money in 1941 and only $80,000 in 1940. All of this was completely paid off after the first tax installment in May, 1940.

Brantford has had the tax prepayment plan in effect for some years but this year is more intensively publicizing the feature among its citizens with the objective of eliminating bank borrowing. In 1941 the total amount of taxes prepaid in Brantford was only $45,000. In the first two weeks of the current campaign approximately $70,000 was paid in.

AYERST, McKENNA & HARRISON, LIMITED
Executive Changes in U. S. Subsidiary



W. J. McKENNA

WM. HARRISON

Since 1934 the Canadian firm of Ayerst, McKenna & Harrison Limited has been developing an increasing business in pharmaceutical and biological chemicals in the United States through its American subsidiary, Ayerst, McKenna & Harrison (U.S.) Limited, and sales have increased to a degree that now several members of the Canadian Executive are to devote their entire time to the American corporation. W. J. McKenna becomes Chairman of the Board, Wm. Harrison becomes Vice-President and Managing Director, and W. H. Wallace becomes Secretary and Assistant Managing Director in charge of sales. H. McPherson and W. A. S. Ayerst retain their positions as President and Treasurer respectively of the American company. All five men continue as members of the Canadian board of directors.

Stock Exchanges Alter Trading Hours

The Montreal and Toronto stock exchanges are going back to their regular five-hour trading period beginning Feb. 9. This change is due to the fact that the New York Stock Exchange is changing to daylight saving time and is made so that trading sessions in Toronto and Montreal will coincide with those in New York. Stock exchange sessions in Canada, beginning Feb. 9, will be from 10 a.m. to 3 p.m. from Monday to Friday inclusive and 10 a.m. to 12 noon on Saturday.

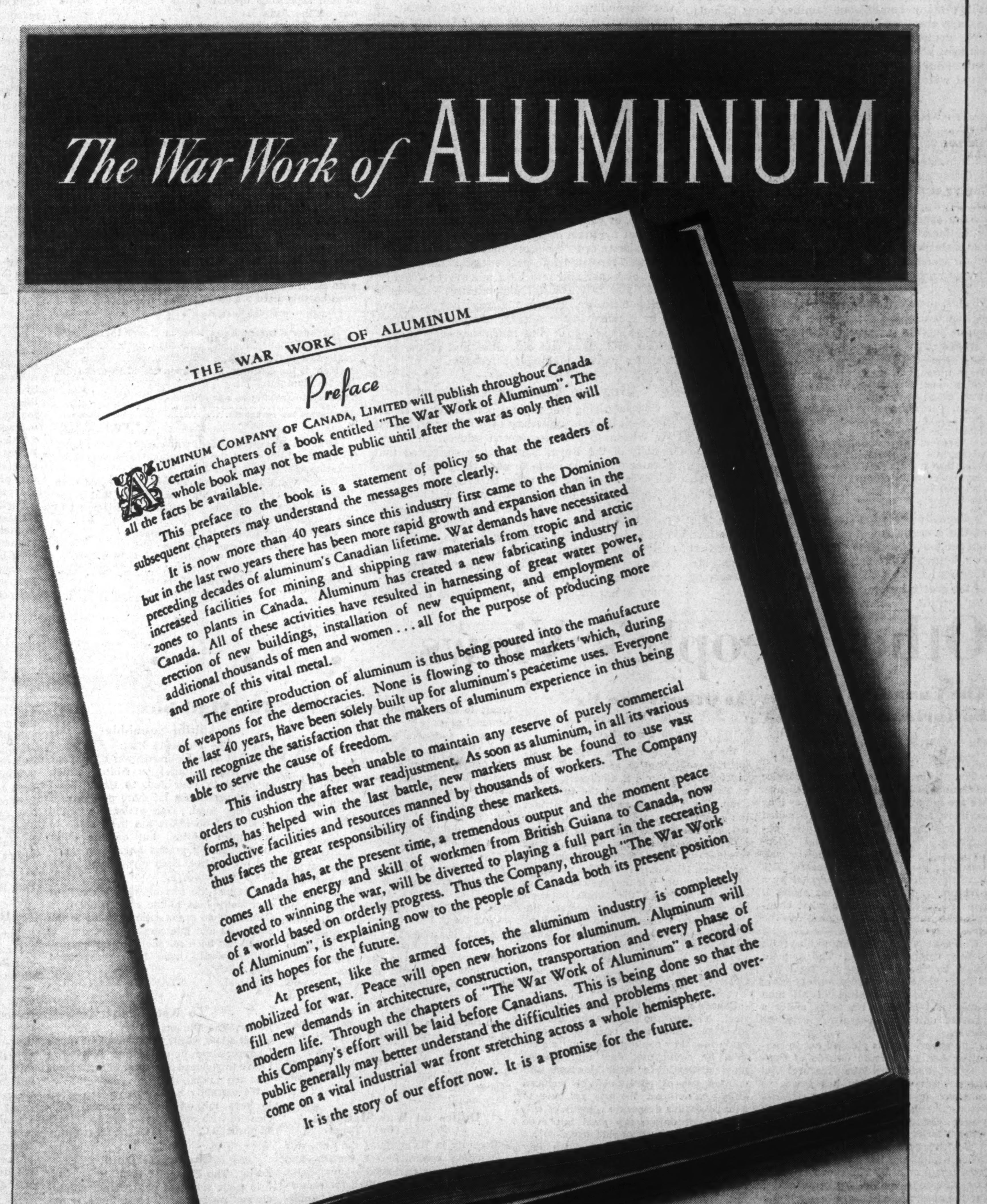
Bond Tenders

12 noon, Jan. 29, Canada Treasury Bills—$45,000,000, dated Jan. 30, payable Apr. 29, 1942.

Bond Redemptions

Bond issues:	Rate	Year	Due	Price
Dom. Tel. Secs.	†5½%	1978	Feb. 2	par

†$4,800.



ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL
ARVIDA KINGSTON SHAWINIGAN FALLS TORONTO

The Editorial Page . .

Canada's Voice in Britain

Despite their restricted size British newspapers are endeavoring to give more space to Canada than ever before. One of the leading London dailies has recently decided to appoint five full-time correspondents in different parts of Canada, although it is doubtful if it can spare space for more than 200 words a day from all of them put together.

The British Broadcasting Corporation seizes every opportunity to put visiting Canadians on the air on such popular programmes as "Post-Scripts" that follows the 9 o'clock news two or three times a week.

There is a constant demand from service clubs and other meetings for addresses on Canada's war effort.

Canada's government facilities in Britain for answering questions, and circulating information, about Canada—whether in respect to the war effort or otherwise—are quite inadequate.

The army and the air force have able publicity staffs chiefly concerned, as is natural, with informing Canadians about the operations of their forces overseas.

For Canada's war effort as a whole, the publicity office at Canada House consists of one competent but swamped press officer, James Spence.

In this complex set-up, there is little opportunity either for co-ordinated publicity work or for a response to the British desire to know more of Canada and what Canada is doing in the war.

It is not suggested that Canada should impose upon the British people an unwelcome or flamboyant exposition of our war effort. But there should be adequate facilities for answering the questions the British people ask, and for anticipating them.

Canada's prestige stands high in Britain today. The British people are grateful for our war contribution. They are looking forward to an even closer understanding between the two nations in the war period. Many industrialists and other citizens are already weighing the possibility of migration to this country after the war. There is informed discussion of the possibility of re-establishing many bombed-out families here. Canada wants to encourage thinking along these lines.

We would benefit greatly from a reasonable investment now to improve extension and improvement of our publicity work in Britain. And Britain would welcome it.

Vital Role of Insurance

Few industries have dovetailed into the nation's war effort so naturally as that of life insurance. The contribution has been double-barrelled.

Overnight life insurance provided a huge and steadily replenished pool of new money to be tapped by the government for financing war purchases. And in collecting that money in premiums from Canadian policy holders the life insurance companies are removing the temptation of consumer spending in direct competition with the government and thereby checking inflation.

This vital role was most aptly stressed by D. E. Kilgour, president of the North American Life Assurance Co., at the annual meeting of that institution in Toronto this week: Said Mr. Kilgour:

> "In war time life insurance has a very important role to play. First, through the accumulation of a large number of small premium payments, it provides a pool of money which is directed towards our war effort through subscriptions to government loans. Already about $170 million of policyholders' funds have been loaned to the government by life insurance companies.
>
> "Second, every dollar of premium collected represents a dollar not spent on current consumption, thus working with the war loan dollar and war savings certificate dollar in the curtailment of civilian spending, and thereby helping to implement the basic tenets of our war-time programme."

Recently there has been heard much loose talk of the conscription of wealth for the war effort, but far too little of the very real contribution that our accumulated wealth is actually making. Mr. Kilgour has cited an actual case that is deserving of the greatest prominence.

Dr. Coats and Successor

Dr. R. H. Coats is richer this week by a 13-volume Oxford dictionary and Canada is poorer by an exemplary public servant and a world-famous statistician. The presentation of the dictionary marked the retirement from public service of the man who was named the first head of the Dominion Bureau of Statistics when it was created by Sir George Foster nearly 25 years ago.

Dr. Coats, born at Clinton, Ont., was a member of that illustrious class at the University of Toronto which produced Prime Minister Mackenzie King, Rt. Hon. Arthur Meighen and Sir Edward Beatty. He was a newspaperman on the old Toronto World and the Toronto Globe, then went to Ottawa as assistant editor of the Labor Gazette. In 1912 he made an important report on the duplication and overlapping of statistical services. He was named Dominion Statistician in 1918.

In the intervening years, great advances in the use and compilation of statistics have taken place all over the world. In many of these the Dominion Bureau, under Dr. Coats' wise and competent direction, has led the way. He has preached in and out of season the need for a wider, more accurate statistical base upon which to build the constantly-expanding framework of government and of business. His contribution has been enriched by the breadth of his own knowledge and wisdom.

For Dr. Coats' successor, S. A. Cudmore, we have a suggestion. To the layman, approaching such a subject as say, the national income there seems an urgent need for greater co-ordination of existing governmental statistical bureaus and offices. Today's problem differs from that which Dr. Coats investigated in 1912. But it is none the less a matter of considerable urgency and importance that the work of statistical bodies in Canada be further coordinated to ensure the best possible results with the limited funds that are available.

Meaningless Figures

The other day the New York Times stuck three extra zeros on its estimate of United States war expenditures for this year. The result — $53,000,000,000,000 — looked like the sort of combination used by astrologers, but we doubt whether many readers noticed the error. Once past the million mark, figures quickly lose significance, to the average person.

It is well nigh impossible to associate even a billion dollars with every day purchasing. Such a sum would buy such a stupendous number of lunches, so many car tickets, indeed so many family cars or even six room houses, that the average man or woman just naturally refuses to stretch the imagination and usually skips it.

Some new yardstick in measuring government war expenditures is needed. For the actual bookkeepers, of course the figures will still have to be used but for plain every day language either from the platform or in the press, they are almost meaningless. Translated into percentage of national income or better still into total per average family, then these new colossal expenditures take on a real significance. This is the way they will have to be handled if the average citizen is to understand something of the magnitude of the war efforts of Canada and our allies and of the real sacrifice we are making for freedom.

Buying Postwar Luxuries

Characterizing war savings certificates as an investment in luxury purchases after the war, Morris W. Wilson in his presidential address to shareholders of the Royal Bank wisely suggested that greater efforts be made to push the sales of these certificates among the wage earners.

To date the sale of war savings certificates has been directed at anyone and everyone. If a person is in a position to buy the certificates, then by all means he should be encouraged to do so. But the new spending power of this war rests with the working man, not with the white-collar man, the pensioner or the rich man. It is to the lower income group that the campaign should be mainly directed. It is this group that will benefit most by taking advantage of the certificate sale inasmuch as these savings will provide a cushion for the post-war years.

This point was brought out clearly by Mr. Wilson who also made the valuable suggestion that the Canadian labor unions, who are among our greatest realists, should be invited to co-operate wholeheartedly in securing a greater sale of the certificates. It is as much their problem as it is the government's, for in pushing the sale of certificates, the unions protect their own people and make possible the enlargement of our war effort.

Editorials in Brief

Diplomatic staffs of the Axis countries in the United States have been quartered at White Sulphur Springs. The step no doubt was taken to acclimatize the diplomats to the sulphury atmosphere awaiting most of them in the next world.

* * *

Restrictions on trucks and automobiles have given old Dobbin a new lease on life. But little real comeback is expected for the simple reason that it takes a minimum of four years to produce a horse old enough to work. By that time, most people are hoping that there will be a lot of demobilized tanks looking for a job.

* * *

An excellent suggestion is made by the Winnipeg Tribune for marking the century-old friendship between Canada and the United States, now allies for the second time in a common war. Our contemporary urges consideration for an International Canadian-American Day to be celebrated between the two national holidays, Canada's July 1 and the United States' July 4.

* * *

The Saturday Evening Post publishes an apology for running in its December 20 issue a bitter paragraph, quoted from an isolationist senator, that "Now we have an executive war . . . ." The Post's excuse is that it went to press before the attack on Pearl Harbor.

Apologies now do not excuse the SEP for the violent stupidity of its pre-Pearl Harbor policies, with its foul aspersions upon Britain's motives in waging war on the Axis.

The United States had to be "treacherously" attacked by Japan before the Saturday Evening Post even woke up to the fact that the Axis threatened the United States.

If the SEP had been wiser before it wouldn't be so embarrassed now.

* * *

The Wall Street Journal, New York financial daily, recommends Canada's personal income tax system for the consideration of American legislators, about to embark on a tax programme to boost government revenue in keeping with the greatly accelerated war expenditure. Our contemporary, apparently, refers specifically to the National Defense Tax, although the name is not mentioned. There is, however, an unfortunate understatement of the rate of this tax. The Journal calls it "a tax of 3½% on all incomes without exemption."

Canadians, all too familiar with the levy, know that the rates are 5% or 7%, depending on marital status, with small exemptions for dependents, and they have been on this scale for some time.

* * *

A reader wants to know how we figure that Canada is raising 75% of its direct war costs by taxation. He has heard that the figure is much lower.

Here is the estimate, based upon round figures from the last budget:

Dominion expenditures, war and non-war	$1,800 millions
Estimated tax revenues	1,400 millions or about three-quarters of the expenses

If aid to Britain is added, war expenditures mount to $2,700 millions and the percentage to be raised by taxation is then just over 50%.

Sometimes this set of calculations is confused with the proportion of the total national income—that is, the total income of the people of Canada—that is going to the national budget.

Here are the figures in that respect:

Estimated national income this fiscal year	$5,950 millions
Direct Dominion budget	1,800 millions or about 30 per cent
Dominion budget including aid to Britain	2,700 millions or about 45 per cent

—Cartoon by Grassick.

A CUMBERSOME WAY OF FINDING OUT WHICH WAY THE WIND IS BLOWING.

Post-Scripts . . . .

He Looks the Part

"There's one thing you can say about Sydney Dobson—he looks like a banker." "Such is the compliment a fellow manager from St. James Street paid him this week. "Good looking, smooth, faultlessly groomed, he looks like we all wish we looked," continued this candid, "opposition" banker. So you have Sydney George Dobson, general manager of the Royal Bank of Canada, and recently appointed vice-president.

S. G. DOBSON —Nakash.

Sydney Dobson did not arrive at his present eminence just like that. He has spent 42 years making the long climb from bottom to second topmost rung. To go back to the beginning, the story really starts on Sept. 20, 1883, when J. W. Dobson and Harriett Martel of Sydney, Nova Scotia, had a baby boy whom they christened Sydney George. And so Mr. Dobson is another in the endless string of people who have been coming up from the maritimes since Confederation to run Canada for the rest of us.

It is doubtful if the man who hired that good looking seventeen-year-old boy at the old Merchants Bank in Halifax in 1900, ever realized how far his new employee would go. So it was within sight of the Atlantic Ocean that young Dobson got his first introduction to ledgers and discounts. Promotion came soon, for he returned to his native Sydney as manager of the Royal Bank there. The next jump was far enough, for he found himself ensconced as the manager of the Royal in Vancouver.

Then he was brought to Winnipeg. For it was while there he was acting supervisor and able to study first hand that problem child of Canadian banking, the prairie.

Fortified with the experience of bank management in the farthest east, the farthest west and the middle, it remained only to round out the experience by a cycle at the head office, and he came to Montreal in 1919. But Mr. Dobson proved so valuable a man, he grasped the essential details so quickly, that the Royal Bank authorities decided this 36-year-old chap was so important, at head office he would remain. After acting as general inspector from 1919 to 1922, he was made assistant general manager in the latter year. That post he held through till 1934, when he became general manager.

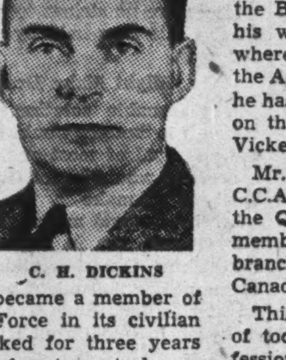
But banking isn't all just sitting behind glossy desks and saying "yes" or "no" to the right people. The successful banker is a man who can meet other men, and who not only earns their respect but wins their friendship. Mr. Dobson has been as successful in the latter as in the former. Today this good looking man, with his immaculately smoothed-down hair, now touched with white, his faultless clothes, and his fine, friendly manner, is a familiar figure in Montreal. Few bankers are known by sight to so many people as Mr. Dobson.

* * *

A Flying Career

C. H. "Punch" Dickins, D.F.C., O.B.E., famous Canadian northland flyer, and recently Operating Manager of the R. A. F. Ferry Command, has been appointed Assistant to L. B. Unwin, Vice-President of Finance of the Canadian Pacific Railway, who has jurisdiction over the company's air activities.

Dickins was born in 1899 at Portage la Prairie, but at an early age moved to Edmonton, there he attended school. He had completed two years at the University of Alberta when he joined up at 17 in the first Great War.



C. H. DICKINS

"Punch" originally enlisted in the Infantry but changed over to the Royal Flying Corps and won the Distinguished Flying Cross. He has seven enemy planes to his credit.

On his return to Edmonton after the war, he engaged for a short while in barnstorming and then became a member of the Canadian Air Force in its civilian operations and worked for three years in photographic and forestry patrol near Calgary. During these years Mr. Dickins was also carrying out winter flying experiments and his flights in the old standard single seater Siskin fighter—with a maximum speed of 145 miles an hour produced many items of scientific value.

The real start of northern commercial flying in Canada took place in 1926 with the gold rush to Red Lake, 150 miles northwest of Sioux Lookout, Ontario. This gave Dickins his big chance and he became a pilot for miners and prospectors and rapidly became famous as an air explorer. He secured a position in 1927 as a pilot with Western Canada Airways and never let anybody forget the fact that in the Northwest Territories there lay a great field for commercial aviation. He mapped large regions of this country which had never before been seen and covered almost 4,000 miles of wilderness over which no flier had ever been before. Flyers can now move across a well-defined course as a result of that experimental flight and "Punch" was awarded the McKee trophy for that year's greatest contribution to Canadian flying.

The next year "Punch" landed at Edmonton and inaugurated fur deliveries by plane. This innovation changed the whole fur business of northern Canada and brought many benefits to this industry. That summer he pioneered the 1,500 mile trip through from Edmonton to Aklavik down the Mackenzie River basin to the Arctic Ocean.

In 1929 Western Canada Airways announced a regular air service from Waterways, Alberta, through to Fort Simpson and Aklavik on the Arctic Ocean to be in charge of "Punch" Dickins. Ten years later this veteran flyer piloted Dr. Charles Camsell, Deputy Minister of Mines, on a 10,000 mile survey of northern mineral lands and was honored with the Order of the British Empire.

In the period 1935-1940 Dickins as general superintendent largely controlled the operating destinies of Canadian Airways successor to W.C.A. Many new areas were explored and extensions made of existing services.

Such is the brief record of "Punch" Dickins who has flown war planes over Europe, patrolled the Rockies with the forestry aviation branch, opened up the Barren Lands of the north, pioneered western air express and mail, chalked up a personal air mileage of 75,000 miles in one year alone and who acted as Operating Manager of the R.A.F. Ferry Command at Montreal during its first critical year.

The New Contractor

There once was a time when the public's idea of a contractor was a rough, tough, unlettered gang-boss, pulling himself upwards by brute force. Today Canada's construction industry numbers about as many such men as the journalistic fraternity numbers hard-drinking, cursing reporters. Both types are virtually extinct. Into the contracting industry have entered engineering graduates, B.Sc's. of our big universities, men with a professional attitude to their work.

As it has done in the selection of most of its recent presidents, the Canadian Construction Association last week chose as its head for the coming year another professional engineer, J. B. Sterling, vice-president of the E. G. M. Cape Co. Ltd., of Montreal. Mr. Sterling is not only a B.Sc. but a B.A. of Queen's.

The J. B. stands for "John Bertram" which tells also where the new C. C. A. president hails from. He was a nephew of the founder of Dundas' great machine tool industry and it was in Dundas that Mr. Sterling was born 53 years ago and raised.

When he came out of Queen's in 1911, young Sterling went west and worked as a civil engineer on municipal construction jobs in the pre-war boom that brought Dauphin, North Battleford, Estawan and such centres to the front. In the Great War he was a sapper (and later an officer) in the Engineers.

He has been associated with Col. Cape for 26 years, in recent years as vice-president in charge of operations. Most of the time Mr. Sterling has lived in Montreal but he is well known in Toronto, where the Banting Institute is a monument to his work; in Halifax and Saint John, where he built docks, grain elevators and the Admiral Beatty Hotel. Other big jobs he has directed have been grain elevators on the Georgian Bay and the Canadian Vickers plant in Montreal.

Mr. Sterling was vice-president of the C.C.A. last year; is a past president of the Queen's Alumni in Montreal and a member of the executive of the Montreal branch of the Engineering Institute of Canada.

This engineer-contractor is a prototype of today's "general contractors"; a professional man of high ethical standards; an alert business man with a keen interest in public affairs.

* * *

Sayings of the Week

"The stake (in this war) is our own survival."—*Owen Johnson, Stockbridge, Mass.*

* * *

"Victory must be our one clear purpose."—*Lt.-Col. G. A. Drew, Ontario Conservative Leader.*

* * *

"Canada must not fall short of her best and her mightiest. Canada must move with redoubled speed." — *Right Hon. Arthur Meighen.*

* * *

"We will have a period ahead of us which will be troublesome, difficult and perhaps dark at times. But we have no doubt as to the ultimate outcome."—*Mayor La Guardia.*

* * *

"Franklin D. Roosevelt was 1941 Man of the Year, but Adolf Hitler remains the world's No. 1 poisonality."—*Halford R. Houser, editor Cape Tod Standard-Times in letter in the magazine Time.*

* * *

"I don't think we'll have much use for a new church building unless the U. S. wins the war. So I suggest that the church organ and building fund ($1,085.85) be used to purchase defense bonds."—*Rev. C. B. Atkinson, First Baptist Church, Sullivan, Ind.*

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Other People's Views . . . . .

The Canadian Editorial of the Week

To Fight Total War

Farmers' Advocate (London, Ont.)

The application of compulsory service in Canada will soon become imperative. We are not making a total effort as long as there are idle acres, or able-bodied men are engaged in non-essential enterprises. The efficiency and effectiveness of Canada's man power and woman power can be increased 25% through selective service operated by a government that knows what effort is most required and through what channels the most decisive blows can be struck at the enemy.

The call for the conscription of wealth merely befogs the issue. The demand issued by The Committee for Total War is more clear and more comprehensive; it urges the mobilization of all man power and material resources under a plan of universal compulsory selective service.

The government is pledged not to conscript men for service outside of Canada, but under the War Measures Act the government already has power to conscript or mobilize all our physical resources. It is surprising how much power the government already has; what it lacks is the courage to use it.

Wealth is something difficult to define. When capital and labor are put to work, wealth is produced. The sum total of all our efforts is wealth. If those asking for the conscription of wealth are thinking only of money and bonds and shares, they are missing the mark completely.

To fight a total war successfully our government must be given dictatorial powers and for the duration we virtually become a totalitarian state. No useful purpose can be served by splitting hairs or skirting about the most vital issues. Everything we have in human and physical resources must be put into this war effort and the price we pay will not be too great, if in the paying of it we avoid the stench of Nazi doctrine in this country and escape the cruelty of the Prussian yoke.

As Others See Us

Total War Now

Carleton Place Canadian

We were impressed this week in reading the synopsis of an address delivered in Toronto by Floyd S. Chalmers, editor of The Financial Post, to the Canadian Club. He is quoted as saying: "Britain has one central purpose in compulsory national service. It is to make efficient, all-out use—on a basis of equality of sacrifice—of the greatest of national resources, labor and skill. The most significant feature of the system is that there is really no distinction between the needs of the fighting forces and the needs of war industry. The government is calling up people in both fields. They have been merged into one."

* * *

Use the Guns

Vancouver Sun

Canada's chief bottleneck today is steel. Though the steelmakers assured President Roosevelt over and over again that they could produce more steel than he could use, now all America faces a desperate steel shortage and civilian use of steel must be reduced almost to nothing. We may yet have to adopt Britain's desperate remedy of collecting not only scrap steel but even some steel in questionable use.

In Britain they have torn down ugly steel railings. Here, as The Financial Post suggests, we might well use up some of the old German guns of the last war which have stood for two decades in our public parks and squares adding nothing but ugliness to the scene.

* * *

Farm Labor Problem

Charlottetown Guardian

The government at Ottawa has shown little indication that it realizes the seriousness of one of our most pressing wartime problems, namely that of farm labor shortage. Farmers in this province, which boasts the largest per capita number of enlistments in the service forces, are well aware of the problem. So, apparently, are other agricultural provinces; to such an extent that even the financial press is becoming worried. The following comment from The Financial Post (Toronto) is evidence of this fact:

"Today Canadian agriculture to a large degree has become a year-round occupation and one that requires very special skill. This is particularly true of that part of the industry that is now turning out bacon, cheese, processed milk and other special food products for Great Britain. Soldiers on special harvesters' leaves will not help here. What is wanted are men and women that can look after livestock, that know how to milk cows, know something about balancing feeds, how to sow and cultivate crops as well as harvest them, know how to operate machinery without harm to themselves or loss to their employers."

A fact not noted by our Toronto contemporary is that farm labor shortage is essentially a problem for the Dominion government, in co-operation with the provincial governments, to take in hand. It is not merely a question of helping our farmers, but of prosecuting the war. Canada's farm products are as important to our war efforts as tanks, planes and soldiers.

* * *

Duties on War Materials

St. Frances (Ont.) Times

Recently in Washington, the joint war production committee of Canada and the United States issued a unanimous declaration of policy calling for removal for the duration of the war of: "Legislative and administrative barriers including tariffs, import duties, customs and other regulations or restrictions of any character which prohibit, prevent, delay or otherwise impede the free flow of necessary munitions and war supplies."

The declaration has tremendous significance to Canada, says The Financial Post.

This is no time, perhaps, to overhaul the tariffs of the United States and Canada, for it is a tremendous task, but it would be easy to remove duties on war materials. The Axis must be beaten.

The Mail-box

Abitibi Squabble

Editor, The Financial Post:

I want to compliment you upon your front page editorial on Abitibi which appeared in your Jan. 10 issue. What Abitibi needs is a lot more publicity of the same kind. Your statement to the effect that no effort has been made to reorganize Abitibi, but on the other hand opposing groups have been fighting for control, is in my opinion absolutely correct.

It is just the sort of thing which will eventually lead to the establishment in Canada of an organization similar to the Securities and Exchange Commission. If it had not been for the fight for control, Abitibi would have been reorganized long ago.

Montreal. STANLEY STANGER.

* * *

To Keep Tab

Editor, The Financial Post:

Just a few words to tell you how much I appreciate your paper, and to tell you I have introduced it to some of my friends who are starting it now.

We certainly need a paper like yours to keep tab on the government deficiencies with regard to all out war effort.

Victoria, B.C. Charles Tarrant.

* * *

Challenges Gold

Editor, The Financial Post:

In your selection of articles, which I always read with interest there is one on January 17 entitled—"Gold Still Glitters." On the theory that you might be interested in reactions of opinion from this side of the line I would like to say that I am in rather hearty agreement with the opinion expressed by a prairie province paper. It would seem that the writer who wrote this article was not fully educated in the realities of war economics, which is concerned largely with labor and materials rather than superficialities of finance.

As long as Canada had to pay in gold for necessary war materials purchased in this country there was probably a reason for pushing gold mining. However, now that the effort is a common one the idea of a large number of skilled men being tied up in this industry, which is essentially non-productive in the real sense of the word, is rather disturbing. Possibly, my ideas in this respect have been considerably shaped by reading The London Economist.

Incidentally, articles on speculative values in gold mines appearing in the Canadian press have, in these times, a rather hollow ring.

F. J. McDiarmid.

Fort Wayne, Ind., U.S.A.

* * *

Do We Understand Thrift

Editor, The Financial Post:

I am pleased to see by The Financial Post, that several of the mayors of municipalities are quoted, favoring economy, but do they really understand what true economy is and how it best can be arrived at. I am afraid many of them do not. I have been through the mill and know what it means.

Thrift, thrift, thrift is what is needed until it is felt. Today at a time when all citizens, rich and poor, should be practising thrift, too much money is being spent on luxury of all kinds, and having a good time. Many people do not seem to realize that a world war is going on, that of necessity taxes must be increased, to meet which they must exercise thrift, cut down expenses until it hurts.

Victoria, B.C. A. N. Mouat.

* * *

Stop Me If . . .

A long queue waited outside the shop. On the door was a notice: "Opening at 10 a.m.."

They waited patiently—but there were mutterings of indignation as a little old man tried to insert himself at the head of the queue. He was told to get to the back of the line.

He tried again lower down, with the same result.

"All right, then," he said. "I shan't open the shop"—and walked away.

Blackout Moves Grind Ahead

Industrial Plans Still Largely in Talk Stage

Some headway is gradually being made in preparing Canada's vital industrial areas for blackout against enemy air attacks.

In coastal sections and some centres such as Ottawa new restrictions under the Defense of Canada Regulations are in effect, but, in the highly industrialized sections in the interior, preparations are still pretty much in the discussion stage.

The new restrictions added to the Defense of Canada regulations about lighting in areas exposed to enemy attack were deemed advisable "in view of the increasing danger to the people of Canada to bombing and bombardment." The order prohibits all outside lights except those operated for street lighting purposes only. This applies to illuminated advertising and display signs and all individual lights on or in front of residences or business houses.

Another clause provides that no lights are to be displayed in business premises except during business hours and unless staff is present to blacken out the building if an alarm should occur.

Ontario Modifications

These restrictions are currently in effect in Canada's coastal areas. Ontario ARP authorities are talking them over with Ottawa having in mind certain modifications to meet central Canada conditions. It is pointed out that blacking out in southern Ontario where many vital war industries are located offers a problem different to some coastal areas where war production facilities are more limited. For the present, at least, it is felt that total darkening of theatre marquees and store fronts is not necessary in Ontario.

Ontario ARP officials have drafted an order which they are now submitting to Ottawa concerning blackout regulations in the Toronto area. The vital war industries in this area would be permitted to continue operations unmolested during test air raid warnings using only such light as absolutely necessary. The war industries, however, will be divided into two classes. Plants in Group A are to formulate satisfactory plans for entirely blacking out and have the material available to carry out such an operation. In the event of an actual or threatened enemy air attack the plants in Group A would entirely blackout in accordance with their previous plans.

The war plants in Group B consist of foundries, blast furnaces, coke ovens, etc. After an unspecified date these plants will be told to conduct their operations so that a minimum of light will be shown at all times between sunset and sunrise either by restricting operations or by using screens. During test blackouts these plants will be asked to extinguish unnecessary lights and not to draw off their furnaces or do anything to cause a glare in the sky.

All other plants are to blackout completely during all air raid warnings.

Preparations Limited

In most cases the actual work of preparing industrial plants for operation during blackouts has progressed to only a very limited extent. Greatest headway has been made in the fire prevention end of ARP activities due, of course, to the existence of fire fighting facilities. Lighting, however, offers a somewhat knottier problem and one that may run into some expense.

Merely "pulling the switch" during a blackout may be quite unsatisfactory in a large number of cases where important stoppage of production might result. To do a good quick job of blacking out our large plants, many of which have large glass areas, paint spraying would be necessary. However, such a permanent measure appears to be an unlikely prospect under current conditions. The use of temporary screens or blinds which can be quickly brought into action is more probable.

Light Control

Industrial light control will now be a subject studied by plant managers who must maintain production during blackouts.

Instructions are that:

"It will be necessary to screen light to confine it to the activity illuminated, and reduce any upward dissipation or reflection to a minimum. . . . A lamp can be shielded either by a shade or by painted glass, obscured so as to prevent escape of light above a plane inclined downward 10 degrees from the horizontal. To reduce reflection of light from illuminated surfaces the power of lamps should be reduced to the minimum necessary for safety and illuminated surfaces should be made as non-reflecting as possible.

"Where necessary, a separate system of low intensity pilot lights should be installed to enable keymen to tend vital plant machinery in a blackout and to enable personnel to reach their shelters in safety when ordinary lighting is extinguished. Dimmer switches on the lighting system will be found of use in turning off all external or exposed lighting on receipt of a warning. Signs painted in luminous paint are a useful expedient. Large industrial concerns have carried out successful tests on use of low intensity illumination for night workers and have found that the operatives soon get accustomed to the comparative darkness and can move about freely. Lighted in this way large saw tooth roof factories should not be clearly discernible from the air. Various types of low wattage sprayed lamps are available."

Other Problems

Use of screens or blinds if necessary for an extended period may interfere with the proper ventilation of a plant—another problem to be considered by the plant management.

Another factor raised by complete blackouts is that of the danger of shop-breaking. There are many small stores which do not employ night attendants which means that the proprietor would have to turn out the lights when closing for the night. It is felt that this would encourage burglary.

One of the points being taken up with Ottawa officials is that Federal regulations should be amended to permit a small light of not more than five candlepower, and shielded so that it would not shine on an outside window, being used over safes or strong boxes. Shop safes are usually placed so as to be visible to passing policemen.

With little training equipment available and the real work of ARP just starting, it will evidently be some time before an adequate system of plant protection can be developed. An indication of the state of preparedness in one so-called vital area is the fact that the street car transportation system of Toronto, which hauls many thousands of workers daily, has just started to educate its workers to ARP practices.

The problem of accidents during plant blackouts may be expected to arise sooner or later. With either restricted lighting or total darkness a worker could easily stumble and injure himself. While this question has not as yet arisen and no official ruling has been made on such a possibility it is believed that the Workmen's Compensation Board would view such an occurrence in the same light as an ordinary accident suffered at work. The case would then be dealt with on its own merits.

The Week in Business

Wartime restrictions and shortages are giving the Canadian business picture a more spotty appearance than has been the case for some time. While many plants have all the business they can handle, adjustments have been necessary in the automobile and rubber industries due to recent restrictions. The shoe industry is less active due to the shortage of certain raw materials, including rubber. Restrictions on the manufacture of agricultural implements have also been recently announced.

Passenger car production in 1941 was 14.5% lower than 1940 while truck output climbed 56.1%. New automobile financing in the year was 4% higher, used car financing 17% better.

Railway carloadings in the latest week were 23.5% up on a year ago. For year to date carloadings are 15.8% higher. Gross railway revenues for the year to date are up 17.2% for C.N.R., 18.6% for C.P.R.

Cement production was 3.1% higher in November over a year ago. In first eleven months of 1941 gain was 9.8%.

Employment index of the D.B.S. for November stood at 167.6 compared with 165.8 in October, 139.2 in Nov., 1940.

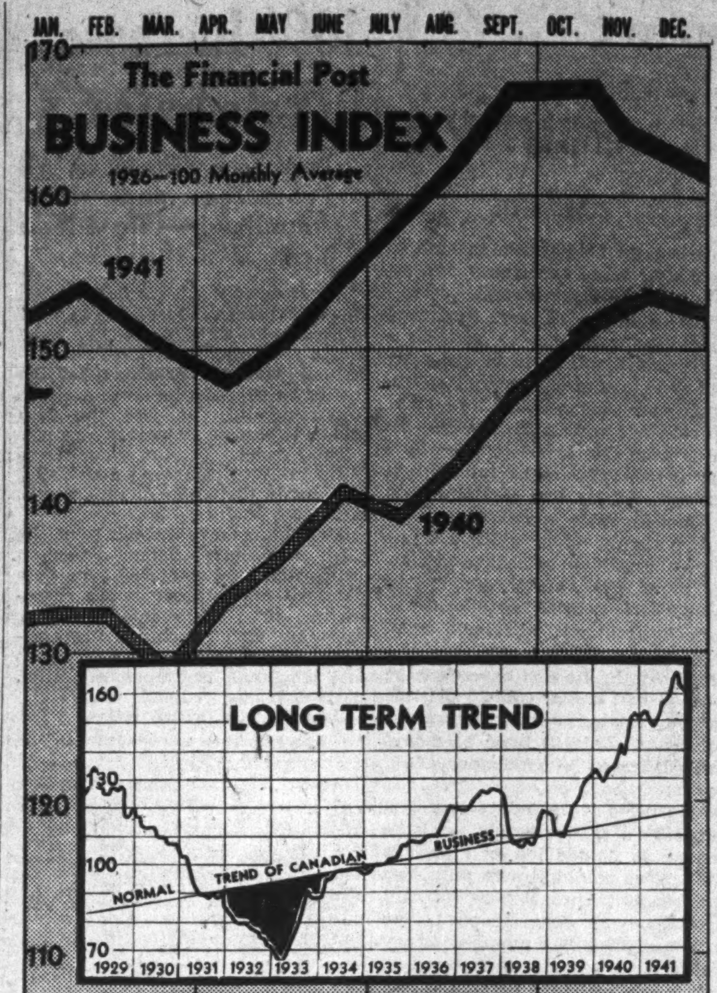
Trend of business shown by The Financial Post Business Index and key factors follows. New items marked thus ▪

MONTHLY INDICES

	Dec.	Nov.	Oct.	Sept.	Year Ago
▪The Financial Post business index*	162.3	164.8	168.0	167.4	152.9
National Income, D.B.S.•	....	442.3	440.9	446.4	427.7
Retail sales index no.	....	138.6	138.0	136.4	123.0
Dept. store sales index no.	....	138.4	136.5	136.6	128.5
Wholesale sales index no.	....	147.4	170.5	171.2	131.7
Country store (% change pr. yr.)	....	+5.0	+8.1	+11.9	+15.4
Divd. payment index‡	120.3	119.3	118.5	118.7	120.5
COST OF LIVING—					
D.B.S. index	115.8	116.3	115.5	114.7	108.0
EMPLOYMENT INDEX Nos. D.B.S.—					
▪All industries	....	167.6	165.8	162.7	139.2
▪Manufacturing	....	187.6	185.0	181.5	144.6
Payroll index (a) (1937=100)	....	186	189	174	145

	1941-42	1940-41	Jan. 1 to date 1941-42	Jan. 1 to date 1940-41	% Change
RAILWAYS—					
▪Carloadings (week Jan. 17)	63,361	51,324	169,243	146,163	+15.8
▪C.N.R. gross (week Jan. 21) $	5,787,000	4,681,000	16,280,000	13,899,000	+17.2
▪C.P.R. gross (week Jan. 21) $	4,158,000	3,276,000	11,533,000	9,721,000	+18.6
C.N.R. net revenue (Nov.) $	5,719,836	5,524,224	60,347,891	38,733,861	+55.8
C.P.R. net revenue (Nov.) $	5,201,226	5,072,617	40,866,785	30,833,231	+32.5
IRON AND STEEL—(November)—					
Pig iron production (tons)	133,735	109,576	1,215,957	1,058,417	+14.8
Steel ingots and castings prod. (tons)	221,367	176,113	2,193,276	1,825,752	+20.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Nov.)	3,385	7,616	79,775	93,014	—14.2
▪Factory output .. (Dec.)	6,651	11,653	94,045	110,019	—14.5
Trucks and Buses:					
Domestic sales .. (Nov.)	1,782	1,525	32,218	26,618	+21.0
▪Factory output .. (Dec.)	13,662	11,711	176,386	112,999	+56.1
Financing:					
▪Used .... (Dec.) $	1,709,776	2,650,533	48,882,297	41,762,396	+17.0
▪New .... (Dec.) $	1,390,091	2,841,821	34,809,863	33,473,397	+4.0
CONSTRUCTION—					
Contracts awarded .. (Dec) $	19,109,900	16,918,300	393,991,300	346,009,800	+13.8
▪Cement prod., bbls. (Nov.)	663,332	643,522	7,987,357	7,271,232	+9.8
AGRICULTURE—					
Flour prod., bbls. . (Nov.)	1,664,803	1,588,428	18,894,608	15,178,784	+24.5
Flour exp., bbls. ... (Dec.)	930,236	345,611	11,439,191	6,970,902	+64.1
Wheat exp., bush. .. (Dec.)	18,271,042	11,762,411	196,646,340	139,169,671	+41.3
Cattle sales▴ .... (Dec.)	116,022	86,728	1,239,526	1,149,255	+7.8
Hog sales▴ .... (Dec.)	799,647	778,911	6,426,990	5,583,942	+15.1
SEA FISHERIES—‡					
Catch cwts.▴ .... (Nov.)	934,600	907,100	10,421,100	10,487,800	—0.6
Landed value ...... (Nov.) $	1,438,200	886,000	24,489,030	17,122,300	+43.0
NEWSPRINT—					
Production, tons .. (Dec.)	300,823	252,897	3,425,865	3,418,803	+0.2
Exports .... (Dec.) $	14,042,000	12,394,000	154,356,000	155,877,000	—0.9
MINING AND OILS—					
Coal prod., tons ... (Nov.)	1,825,158	1,878,344	16,360,474	15,895,789	+2.9
Coal import, tons .. (Nov.)	2,795,680	1,460,523	19,975,378	16,703,700	+19.4
▪Gold rec., fine oz. . (Dec.)	401,716	415,065	5,081,480	4,965,128	+2.3
Crude oil, imp. gals.† (Nov.)	150,609	168,003	1,509,261	1,407,107	+7.3
ELECTRIC POWER OUTPUT—(November)—					
Total monthly, 1,000 kw.h.'s	3,183,982	2,524,860	30,224,560	27,495,907	+9.9
FOREIGN TRADE—♦					
Imports .... (Nov.)	$134,190,517	102,283,687	1,322,905,951	979,648,243	+35.0
Exports .... (Nov.)	$164,078,629	118,404,151	1,488,363,429	1,094,506,932	+35.9
OTHER INDUSTRIAL FACTORS—					
▪Dressed lumber exp.: 1,000 bd. ft. ...... (Dec.)	139,542	190,249	2,282,132	2,451,638	—6.9
Shoes, prod., pr. ... (Nov.)	2,935,564	2,230,387	29,910,628	24,216,363	+23.5
▪Cotton consump., lb. (Dec.)	16,150,612	16,182,308	198,389,402	191,300,836	+3.7
Raw rubber imp. lb. (Nov.)	5,506,997	11,311,687	142,685,655	97,452,005	+46.4
▪Cigarette cons., No.† (Dec.)	720,022	574,837	8,581,739	7,571,841	+13.3
Sugar manufactured .. lb.§	167,952,019	164,005,409	1,109,532,309	1,050,570,832	+5.6
FINANCE—					
▪Bank debits† .... (Dec.) $	3,686,546	3,208,348	39,242,957	34,437,475	+13.9
Bond sales† .... (Dec.) $	92,473	329,809	2,360,181	2,293,415	+2.9
▪Life insurance sales (Dec.) $	47,172,000	33,727,000	428,915,000	365,217,000	+17.4

*D.B.S. All Canada figure covering 90% of the Canadian total.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
▴Total at yards and plants. New items for week marked ▪
†000's omitted. §For four weeks to Nov. 29. ♦Gold excluded.
•Millions of dollars. *Preliminary. ‡Supplied by Nesbitt, Thomson & Co.
(a) Compiled by Canadian Bank of Commerce.



Business Index Slips During December

Moderate recession in some phases of business activity caused The Financial Post Business Index to decline to 162.3 in December from 164.8 in November. The Index for December, 1940, was 152.9.

Accounting for the decline were a lower butter and cheese production, slackening in building contracts awarded, hog and cattle slaughterings and carloadings. The sugar industry was somewhat more active during the month while bank deposits also showed an improved trend.

Major Economic Factors

	December 1941	December 1940	Increase+ Decr.— %	Nov., 1941
The Financial Post business index‡	*162.3	152.9	+6.1	164.8
Bank deposits‡	146.1	134.4	+8.7	140.9
Gold receipts at mint .... fine oz.	401,716	415,065	—3.2	415,265
Silver shipments .... fine oz.	648,920	1,515,441	—57.2	1,602,120
Sugar manufactured .... lb.	167,952,019	164,005,409	+2.4	162,213,036
Cheese, factory production .... lb.	5,806,999	1,799,325	+222.7	7,228,846
Butter, creamery production .... lb.	11,849,011	12,308,237	—3.7	14,985,123
Newsprint production .... tons	300,823	252,897	+19.0	300,308
Planks and boards exported .... M. ft.	139,542	190,249	—26.7	182,495
Shingles exported .... squares	105,815	83,744	+26.4	223,392
Carloadings .... no.	260,945	231,271	+12.8	285,818
Cotton consumption .... lb.	16,150,612	16,182,308	—0.2	16,647,670
Cigarettes released .... no.	720,022,131	574,837,242	+25.3	753,932,321
Cigars released .... no.	18,888,878	16,865,691	+12.0	19,567,017
Cattle slaughterings .... no.	122,295	103,367	+18.3	157,136
Hog slaughterings .... no.	687,299	661,911	+3.8	714,531
Bank debits $000	3,686,546	3,208,348	+14.9	3,426,906
Contracts awarded .... $	19,109,900	16,918,300	+13.0	22,889,500

*Preliminary. ‡1926 equals 100.

On the Record

Wrought and cast bronze metal for cabinet, builders' and furniture hardware, except for the interior parts of locks, will be prohibited after March 1, 1942.

Denatured alcohols, including alcohol used for anti-freeze, will be strictly controlled to prevent any possibility of hoarding and to assure ample supplies for every consumer.

Cost of living in Canada during the first World War rose 90%; so far in this war it has risen 15% over the 1935-9 average.

Less than 20% of Canadian production facilities were devoted to war purposes in 1914-18 as compared with 50%, and more to come, in this war.

William Howard DeBlois, production manager of Canadian Industries, Ltd., Montreal, has been appointed Deputy Controller of Chemicals.

British Commonwealth Air Training Plan will cost Canada $500 millions in the first three years of operation—more than the Dominion collects in taxes in a normal peacetime year.

Canada's direct war expenditure from the beginning of the war until Dec. 31, 1941, amounts to $1,721 millions. $1,219 millions has also been provided to pay for British purchases in Canada for the same period.

Value of contracts with Great Britain for foodstuffs is estimated at $180 millions, compared with $50 millions in the year before the war.

TRENDS IN THE FIELD OF INVESTMENT

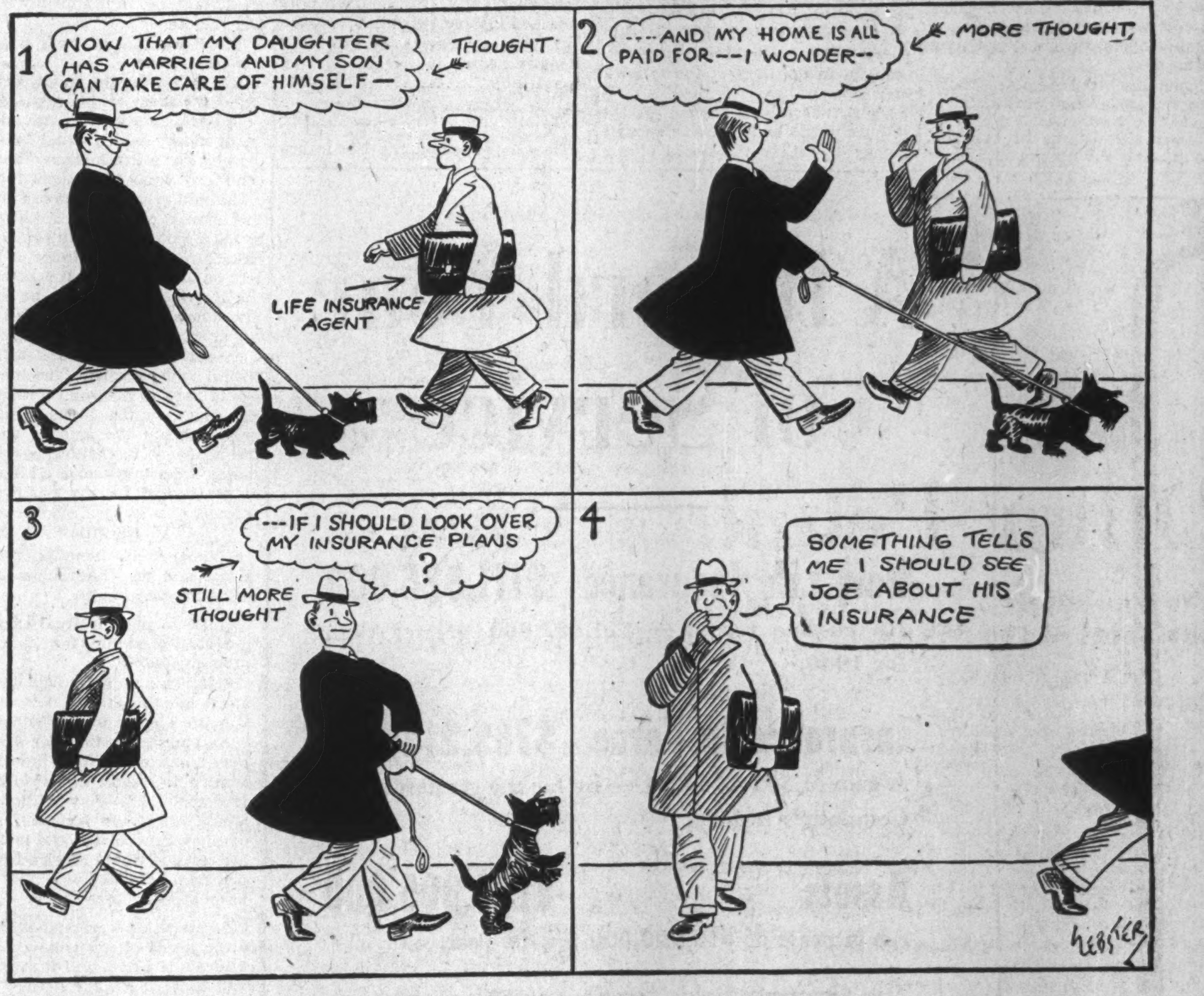
Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches: These facilities are at the disposal of our clients at any of our offices:

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

MORDEN, HELWIG, FERRIE LIMITED
Insurance Adjusters
HAMILTON, LONDON, WINDSOR, KITCHENER, ST. CATHARINES, SARNIA, CHATHAM, OWEN SOUND

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1941), $12,531,188

CANADIAN BANK NOTE COMPANY
LIMITED
STEEL ENGRAVERS AND PRINTERS
of
Bank Notes, Bonds, Stock Certificates, Postage and Revenue Stamps and all Documents of a Monetary Character
Head Office: 224 Wellington Street, Ottawa
Branch
25 King Street West, TORONTO
Branch
360 St. James Street West, MONTREAL



If your life Insurance agent were a mind reader

MAYBE IF YOUR life insurance agent were a mind reader, he could be of even greater service to you than he is now.

However, because he is not a mind reader, the effectiveness with which he serves you and your family depends a good deal upon the information you give him about your personal and family affairs.

Perhaps, since you last talked with your agent, there has been a birth in your family. Maybe a son has begun to support himself. Or it may be that war conditions require consideration of problems that would not arise in peace time.

Suppose, for example, that your older children are no longer dependent upon you. In such a case, you may wish to review your life insurance program and possibly elect a different method of settlement. To advise you properly, an agent must take many factors into account. Will your son or daughter need further financial aid in the future? What are your retirement plans?

Your agent can assist you with these and similar questions in so far as they relate to life insurance. To help you best, his services must be personal services, based upon consideration of your individual needs and circumstances.

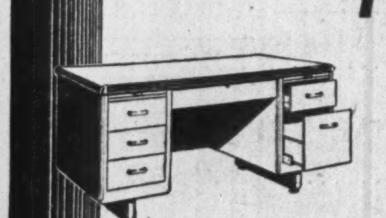
If you are a Metropolitan policyholder and feel that a change in your situation calls for a review of your policies, get in touch with your Metropolitan agent. If you will tell him what is in your mind, you will find him equipped to serve you efficiently and wisely; if necessary, he will enlist the help of Metropolitan's Canadian Head Office in Ottawa.

Your agent's services are always available without additional charge of any kind. He will consider it a privilege to have you call him. Or, if you prefer, get in touch with your Metropolitan District Office.

This is Number 45 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
NEW YORK
Frederick H. Ecker, CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT
CANADIAN HEAD OFFICE, OTTAWA

Priority Pains



Many concerns are feeling more or less acutely the twinges of this new malady. For some its symptoms are comparable to a kick in the stomach . . to some, as yet, merely a trifling tickle. Knowing the cause as but a phase in the process of eliminating the threat of complete and total extinction, few there are who are selfish . . or foolish enough to complain. The **big job** must be finished **first**.

"Office Specialty" is in the unique position of having at its disposition both a wood and a steel processing plant which enables us often to offer equivalent products of wood when steel is not available. Notwithstanding "priority pains" "Office Specialty" products still maintain their proven standard of excellence on which has been built in over fifty years of service to Canadian business a factory and an organization of imposing proportions.

Makers of "Tools of Industrial Control"
FILING SYSTEMS AND OFFICE EQUIPMENT
THE OFFICE SPECIALTY MFG. CO. LIMITED
Head Office and Factories — NEWMARKET, ONT.
Branch Stores in Canadian Cities from Coast to Coast

FOLLOW the TREND

Today, many shrewd business men see in the farm market a dependable sales field, not only for the present, but for the post-war years to come.

They see in agriculture, a vast war-time supply house. . . They see Government-assured farm income and steadily rising prosperity. They see the farmer today with more SPENDABLE dollars.

These business men are following a trend — a trend that leads to a market of tremendous selling possibilities. That is why more and more are becoming acquainted with the Family Herald and Weekly Star — the NATIONAL farm magazine that reaches more than 300,000 top-income farm homes each week.

Family Herald — Weekly Star
CANADA'S NATIONAL FARM MAGAZINE
MONTREAL CANADA

The
WAWANESA
Mutual Insurance Company
—Organized in 1896—
Assets Exceed $3,000,000.00
Over 150,000 Members
Write for Financial Statement
Ask for our Booklet
"Farming Holds the Key"
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

Dominion Appraisal
Company Limited
The personnel of this organization represents many years of experience and knowledge as professional consultants in all types of appraisal services.
HEAD OFFICE
137 Wellington St. West
TORONTO Elgin 5928
MONTREAL
University Tower Building.

Insurance Notes

The recent appointment of two associate actuaries by London Life Insurance Co. now gives this company a strong quartet of mathematicians.

J. D. BUCHANAN, assistant general manager and chief actuary.
J. A. CAMPBELL, actuary.
G. S. BERE, associate actuary.
D. P. MORRIS, associate actuary.

The two last named were appointed in recent weeks.

* * *

To mark the completion of 70 years in business, The Economical Mutual Fire Insurance Co. of Kitchener Ont., has issued a 24 page booklet telling the story of the company.

The first board of directors was elected Sept. 5, 1871 at Berlin, Ont. as Kitchener was then known.

Although its business increased steadily it was not till the beginning of the 20th century the company really began to expand its earnings and reserves. The latter rose from $106,000 in 1898 to $673,000 in 1919. In the first world war it invested $162,000 in Canada's war loans and contributed $31,000 to patriotic associations. In the present war, so far, it has placed $352,000 in war bonds, in grants to assist recruiting and in contributions to patriotic societies.

In 1936, it was incorporated as a Dominion company. In 1937 it took over the business of the Merchants Casualty Insurance Co. of Waterloo, Ont. and widened its operations to include automobile and other lines of insurance.

Among the 350 companies transacting fire and casualty insurance in Canada, the booklet states, only 17 are ahead in volume of business, nine in assets and four in surplus.

Life Insurance Contest — Honorable Mention — Problem 2

Programme For Young Executive

Saving of 7½% to 10% of Salary Suggested for Premiums

Further suggestions for the best insurance programme for a junior executive are presented herewith in one of the articles which won honorable mention in problem two of The Financial Post's insurance contest. The individual outlined in this problem was a "junior executive, total income $3,000 to $5,000 a year, 30 to 35 years of age. Has saved and invested $2,000 to $5,000. Married, has two children both under 10. No inheritance prospects."

In this, as in all other solutions, the views expressed are not necessarily endorsed by The Financial Post or the contest judges.

R. K. Crouch, the writer, was born at Haileybury, Ont. He graduated from McMaster University in 1937 and joined the field staff of the Hamilton branch of the Confederation Life Association of which his father was then manager. In 1940 he moved to Toronto. He is a keen follower of sports. One of his ambitions is some day to sponsor a boys hockey team.

R. K. CROUCH

By R. K. CROUCH, C.L.U., Confederation Life Association, Toronto

A junior executive is 30 years old, married with two children, a boy five and a girl three. His total income is $3,600 a year; he has saved and invested $3,000 and he has no inheritance prospects.

What advice can be given to this man living today under difficult conditions brought about by the war? This man is living in a war economy. He has seen the general cost of living rise 15% since the start of the war. He is experiencing drains on his income by a new high in income tax and a national defence tax; he has been asked to subscribe to government war bonds and stamps and to other worthy war causes; he has wondered about joining the army and he is wondering about the future of his family and himself. He feels today's conditions are temporary, but he knows the conditions that warrant the purchase of life insurance are permanent. He had been told many times he should own life insurance. But just what amounts and plans are necessary have never been made clear to him. Assuming I am this young man, I would consider my problem in the light of the following:

My first reason for buying life insurance would be to provide enough money to satisfy the needs of my widow and children should I die prematurely.

What will be their needs? My widow will need money to pay outstanding bills at my death. She will need money to pay my doctor's bills and funeral expenses and for a cemetery plot; and she will need money every month to pay living expenses. The children will need support until they are grown; they will need their mother's time and care more than anything else. These they can have only if their mother need not work. They will need an education and should not be forced to work, at least until they have finished secondary school. A minimum life insurance programme for me will include provision for closing my estate and making reasonable provision for my family's living expenses at least until the children have completed their necessary education.

If I died tomorrow, how much money would be needed by my widow to settle my final bills? It is hard to say exactly, but assuming my case to be average, my last expenses could be broken down in this manner.

The average man is probably sick anywhere from one to three months. During my last illness, ordinary bills for such items as groceries, light, heat, gas, telephone, etc., will have accumulated	$200
The expenses of my last illness for physicians, surgeons, hospital and nurses would amount to	600
Funeral expenses and a cemetery plot	600
Accrued income tax	200
Cash for unforeseen obligations and emergency needs of the family	400
Total	$2,000

Thus a portion of my life insurance should be payable in cash to look after these expenses.

Minimum Income

The balance of my insurance should be arranged to provide a minimum monthly income to my widow to look after the children until they are educated and, if possible, provide her with a smaller life income from that time on. Already I have $3,000 invested but at the best the return from this capital should be looked upon as extra income rather than part of a basic minimum. My widow will have groceries, bread, milk, butter, etc., to buy every day to nourish herself and the two children; she will have light, heat, rent and water to pay for every month; she will have clothing medical and dental care to provide for at certain periods during the year; and she will have birthdays and Christmas to remember every year.

At today's increased cost of living, $100 a month would be little enough to do the job as I want it done. (The soldier's wife with two children is finding it very difficult to manage on $79 a month.) She will need this $100 a month until my girl is 18. My boy may be working before this, but my wife cannot rely on this as a source of income. To provide $100 a month for 15 years, using principal and interest on a 3% basis requires $14,556. The total amount of money needed to do the job of paying my last expenses and guaranteeing a liveable monthly income to my widow and children would be $2,000, plus $14,556, or $16,556 in all.

Amount of Savings

The plan of insurance should be determined by the amount of money I can save every year to pay the premium involved. The plan should be permanent if possible and in my case it should be possible.

The annual premium for an all-life non-participating contract for $16,556 at my age (30) would be approximately 7.5% of my present salary. This would include a provision for waiver of premium in the event of my disability lasting longer than six months. N.B.—All companies provide this disability clause for life insurance policies and no programme is complete without it.

Under this arrangement my programme is complete only in so far as it provides a clean-up fund and a minimum monthly income for my widow until the children are grown. By bringing my life insurance savings up to approximately 10% of my income, I could purchase an additional $10,000 temporary life coverage on a 15-year term basis, which would do three things for my widow and children:

(1) It would give them a larger monthly income.

(2) It would set up a reserve fund for them.

(3) It would provide my widow with money which could be used to buy her a life income after the children were self-supporting.

I should arrange to have $1,000 of this money payable in installments of $50 a month until the principal is exhausted and the balance of $9,000 left on deposit with the company, the interest payments to be sent to my widow every month. The additional $50 per month would give her a chance to adjust herself to living within the smaller income she would receive later on. Withdrawal privileges on the $9,000 should be arranged, but the amount and the frequency of the withdrawals limited in order to preserve a large part of the capital for my widow's life income.

Benefits

Summary of benefits for my widow and the children under my insurance programme.

$2,000 to pay my final expenses.

$172.50 a month for 20 months after my death.

$122.50 a month for next 13 years and 7 months, then,

A life income for my widow.

An emergency fund for illnesses, operations, etc., which, however, is limited to ensure my widow's life income. (N.B.—Any withdrawals would affect the income received by my widow as it would lower the interest she would receive from the principal sum left with the insurance company.)

If I die, this programme will satisfy the needs of my widow and the children; if I live, will it satisfy my needs? What are my needs?

I need to practice the habit of systematic thrift if I am to be permanently successful. I need peace of mind in order that I may direct all my energies into my work and consequently be in line for promotions as they arise. I need to build a guaranteed liquid reserve for opportunities and emergencies. I need to create an estate for my old age. And I need an estate that cannot be disturbed by disability.

My life insurance programme will be composed of two parts.

(1) $16,556 on a permanent all-life plan of insurance with increasing cash values after the third year.

(2) $10,000 on a 15-year term plan, with conversion privileges within a specified time (usually 10 years).

This contract provides for conversion to any plan of ordinary insurance either by paying the premium for the attained age at conversion date or by paying up the back premiums with interest compounded at 6% from the original date of issue.

The larger part of my programme is on the all-life plan. With this type of insurance I am not only buying protection, but I am making an investment as well. Only a part of my premium dollar goes to meet the cost of protection. A part is invested by the insurance company for me and interest is compounded upon it. In this way I automatically acquire the habit of systematized thrift.

Capitalizing Good Health

By owning low-premium insurance I will be capitalizing on my good health. (I know I must be healthy to get life insurance. I have read epidemics follow in the wake of wars.)

I know I will be able to solve the problem of reinvestment of my maturing war bonds and certificates by applying this money on permanent insurance at the rate of age 30 as provided for in my term contract. I also feel by setting up this programme on a partially temporary basis, even if my income is radically reduced through conscription for the army, I will be able to maintain a fairly large insurance estate to protect my dependents while I am in Canada.

If I am sent out of Canada into the theatre of war and am killed there, any of my insurance, dated since the outbreak of war is subject to a war clause. This limits the liability of the insuring company to a return of premiums, plus 3% interest, unless an extra premium is paid.

However, where the insurance companies leave off, the Canadian Government takes on and if I am killed in the theatre of war I know that the Canadian Government will provide a pension for my widow so long as she remains such.

The programme looks as far into the future as I desire. The all-life policy provides guaranteed amounts of readily accessible money from the third year on and a very substantial sum of money for my old age. With the disability waiver of premium benefit included in my contracts I know that my estate will not be torn down by a long layoff caused by sickness or accident.

No Inheritance Prospects

As I have no inheritance prospects, the creation of an estate for my family and myself is entirely dependent upon my ability to save. The ultimate purpose of the estates men build is to provide income for the man himself in his old age and for his wife and family after he is no longer here to provide for them. In order to get the benefits of a guaranteed estate for my wife and myself I must save through life insurance.

My first duty is toward my wife and my children. It takes a certain amount of money to satisfy their needs if I die prematurely. It is imperative that this amount of money be created as the first step in my insurance programme. The plan of insurance is necessarily determined by the amount of money I can save. Once this minimum amount has been established, I know that any more money I can set aside for life insurance is primarily for the satisfaction of my own needs. If I am to satisfy both these needs I will have to make sacrifices; particularly is this so under prevailing conditions.

My programme naturally is not meant to be dogmatic but rather illustrative. It should be recognized that men do not as a rule buy complete life insurance programme, but instead usually buy insurance in odd lots at different times in their life. The ideas embodied in the programme as outlined I feel are basic, and those which should be considered by all junior executives who ask the question, "What Life Insurance Should I Carry?"

40% Increase In Life Sales

Increases Shown in All Provinces and Newfoundland — Up 17 on Year

Life insurance sales in Canada and Newfoundland in December at $47.1 millions were 39.5% above the level of the same month in the year preceding. Gains were shown for the month in all provinces as well as Newfoundland. It was the 10th month to show a consecutive gain.

Total sales for the year were $428.9 millions compared with $365.2 millions in the whole of 1940, a gain of 17%.

The figures are supplied by the Life Insurance Sales Research Bureau and are compiled from data obtained from 18 companies representing 85% of the total business. They are for new, settled for, ordinary insurance exclusive of group and wholesale insurance, annuities, pension bonds, revivals, etc.

Comparative figures follow:

Life Insurance Sales in Canada and Newfoundland
000's of $

	—December—		Change
	1941	1940	%
Alberta	2,076	1,482	+40.1
Br. Columbia	3,644	2,453	+48.5
Manitoba	2,773	1,768	+56.8
New Brunswick	1,236	858	+44.1
Nova Scotia	2,029	1,418	+43.8
Ontario	21,167	14,400	+46.9
Pr. Ed. Island	242	230	+5.2
Quebec	11,932	9,974	+19.7
Saskatchewan	1,437	781	+83.9
Newfoundland	636	363	+75.2
	47,172	33,727	+39.5

Sales by Months, 1938-1941
(000's of $)

	1938	1939	1940	1941
Jan.	31,387	28,767	33,726	28,326
Feb.	31,796	29,202	31,820	31,500
Mar.	33,461	31,710	30,265	33,700
Apr.	30,612	26,357	32,248	35,398
May	31,016	30,123	31,779	36,172
June	35,660	32,226	28,530	33,670
July	30,635	20,902	28,159	32,681
Aug.	28,446	26,494	24,698	29,597
Sept.	27,928	34,262	26,156	33,975
Oct.	32,372	31,900	31,210	41,740
Nov.	37,167	33,034	32,899	44,984
Dec.	36,475	34,759	33,727	47,172
Totals	386,855	368,726	365,217	428,915

United States Fidelity & Guaranty Company
TORONTO

Another Outstanding Year Helps Canada's War Effort!

PAID TO POLICYOWNERS DURING 1941:
$2,087,650.09
—of which over 68% was paid to living policyowners in dividends, matured endowment and investment policies, annuity payments, disability income and other cash values.

ASSETS NOW TOTAL $26,130,570.21
—invested in carefully selected bonds and debentures, first mortgages on improved real estate, preferred and common stocks, loans on company's policies, real estate (including modern Head Office Building) and cash in banks.

Branches from Coast to Coast.

NEW INSURANCE DURING 1941:
$14,366,202.58
an increase of $1,164,045.79 over previous year

TOTAL INSURANCE IN FORCE:
(at December 31st, 1941)
$122,264,696.01
a gain of $5,850,609.99 since January 1st, 1941

TOTAL INCOME DURING YEAR:
$4,300,499.34
A substantial portion of this income has been invested in new Victory Bonds — thus helping Canada's worthy war effort.
Average interest earnings — 4.53%.

SURPLUS FUNDS NOW AMOUNT TO:
$2,041,071.41

A copy of the printed Annual Report will be mailed to you upon request by letter or postcard

The EXCELSIOR LIFE
A STRONG CANADIAN COMPANY HEAD OFFICE, TORONTO

Fire & Casualty Insurance

C. I. U. A. Authorizes Higher Commissions

Scale Raised From 20% to 25% on Policies in Group Two — Jewellers' Block Policy Transferred to Group Carrying Higher Commission

Increased commission rates on certain classes of policies which come within its jurisdiction have been announced by the Canadian Inland Underwriters Association. The new rates were put into effect by amendments to schedule A of the acquisition cost rules authorized by the association previously.

The types of policies and the rates of commission affected are:

1. Jewellers block policies are transferred from class one where the commission rate is 10% of the premium to class three where the commission rate is 15%. Jewellers block policies are a sort of all risk cover on jewellers' merchandise, covering it in all positions such as on display, etc., and whether in the store or not In the previous schedule of rules, these policies were classed for commission rates along with policies on bridges, pipelines, sewer systems, etc. By removing the jewellers' block contract from this class, it automatically is put into class three which includes all types of policies not included in any other class. Accordingly it carries a higher rate of commission than that allowed for class three.

2. The rate of commission allowed on policies in class two is raised from 20% to 25%. This class of policies includes golfer equipment, guns personal cameras, etc.

Retroactive to Oct. 1

The amendments were made immediately following a meeting of the executive committee of the association with representatives of the Canadian Federation of Insurance Agents on January 9. The amendments are some of those requested by the agents who were dissatisfied with the scale of commissions previously set by the association. The new amendments are retroactive to Oct. 1, 1941.

The maximum commissions allowable to class A intermediaries, are as given below. Class A intermediaries are agents and brokers other than supervising agents.

1. Bridge policies, dam, flume, pipeline, sewerage system, tunnel and waterworks system policies, commission 10%. These policies, it is understood, include those a company might take out against destruction of a tunnel or bridge or loss of revenue from some cause which might prevent the use and occupancy of a certain piece of property.

May Include Coin Collection

2. Golfers equipment policies, and guns, personal effects, personal furs, personal cameras, personal property floater, silverware, tourist baggage, wedding presents and personal jewelry policies, commission 25%. It is also provided that where any coin collection, fine arts or stamp collection is included in the schedule to a Personal Property Floater policy the P.P.F. rate of commission will apply.

3. Any other types of policies not coming under the two preceding classes commission 15%, except registered mail including armored car and messenger sendings policies and livestock transportation policies which shall be excluded from commission control under these rules for the present.

New Director Named For Canada Trust

John J. McHale has been elected to the Board of Directors of Canada Trust Co. Mr. McHale is president of Scott & McHale Ltd. and recently was elected a director of the Huron & Erie Mortgage Corp. He fills the vacancy caused by the death overseas of Lt.-Col. Claude Brown.

Mr. McHale is a director of Walsh Advertising Co. and is now serving as special advisor to the shoe administrator under the Wartime Prices and Trade Board.

A Record Year of Service

New Life Insurance $111,825,000
An all-time record — $11,802,000 greater than for 1940.

Insurance in Force $769,214,000
A gain of $71,116,000 — by far the greatest in the Company's history.

Assets - - - $154,805,000
An increase of $10,990,000 for the year.

The Company holds for the protection of policyholders $16,137,000 in Unassigned Surplus and Reserves beyond legal requirements.

As part of the Company's co-operation in the war effort, the holdings of Dominion of Canada War Loan bonds were increased by over $15,000,000 during the year.

London Life
Insurance Company
Head Office - London, Canada

NORTH AMERICAN LIFE
ASSURANCE COMPANY

PROFIT AND LOSS ACCOUNT
For the Year Ended 31st December, 1941

REVENUE		
Premiums	$ 8,007,111.50	
Interest, Dividends and Rents	3,054,514.67	
All other Revenue	12,857.73	
		$11,074,483.90
EXPENDITURES AND RESERVES		
Death Claims	$ 1,610,533.33	
Matured Endowments and Surrender Values	2,553,095.90	
Annuity and Disability Benefits	405,601.60	
Policy Reserves—net increase	3,015,834.00	
Policyholders' Funds on Deposit-Interest	167,414.89	
Staff Pension Fund—Interest	44,269.42	
Government and Municipal Taxes	199,215.16	
General Expenses	1,767,541.73	
Other Expenditures	6,250.00	
		$ 9,769,756.03
Surplus Earnings for the year 1941		1,304,727.87
Free Surplus as at 31st December, 1940		2,256,347.53
		$ 3,561,075.40
APPROPRIATIONS		
Amount written off Head Office Building	$ 50,000.00	
Transfer to Investment Reserve	45,902.77	
Transfer to Contingency Reserve	50,000.00	
Provision for Agents' Pensions	65,000.00	
Dividends Allotted to Policyholders	969,751.12	
		1,180,653.89
Free Surplus as at 31st December, 1941		$ 2,380,421.51

HIGHLIGHTS FROM 61ST ANNUAL REPORT

New Life Assurance and Annuities	$29,626,726
Increase $2,493,317	
Life Assurance and Annuities in Force	$260,710,697
Increase $12,660,560	
Assets	$71,747,743
Increase $3,778,461	
Special Reserves and Surplus Funds	$5,840,857
Increase $213,126	
Gross Interest Rate	4.58%

D. E. KILGOUR, *President and General Manager*
W. M. ANDERSON, *Assistant General Manager*
HEAD OFFICE: TORONTO, CANADA

Bank of Nova Scotia Assets at New High

Commercial Loans Above Previous Year's Level — Deposits Show Increase Despite Heavy Investments in War Bonds — Earnings Little Changed

Highlights in the annual statement of the Bank of Nova Scotia for the year ended Dec. 31, 1941 include:

Assets at a new high level.
Expansion in commercial loans.
Deposits higher than a year ago.
Profits almost equal to 1940.
A substantial increase in taxes.

Like the reports of the other banks issued previously the statement shows net profits affected sharply by increased taxes.

In 1941 Dominion taxes alone took $1,061,949 compared with $1,004,027 for Dominion and provincial taxes combined the year before. In spite of this profits for the year were within $6,000 of the 1940 level.

P. & L. Balance

After premises write off, contribution to officers pension fund and dividends, $40,602 was carried forward to profit and loss account compared with $51,330 the preceding year. Earnings per share were $12.34 compared with $12.42 the year before.

Operating Statement

	1941 $	1940 $
Net profits†	1,935,602	1,941,330
W/o premises	250,000	250,000
Pension fund	205,000	200,000
Dividends	1,440,000	1,440,000
P. & L. bal. for year	40,602	51,330

† After Dominion taxes of $1,061,949 in 1941 and Dominion and provincial taxes of $1,004,027 in 1940, and after providing for bad and doubtful debts in both years.

Total assets reached the new record high figure of over $380 millions an increase of $51 millions. Chief items contributing to the increase were increases in cash and cash items holdings of government securities and commercial loans.

Total quick assets were $16 millions higher than a year ago and represent 63.10% of total liabilities to the public. Cash assets represent 12.51% and immediately available assets including cheques of other banks, etc., 23.44% of total liabilities to the public.

Loans Higher

Reflecting the increased tempo of Canadian business, commercial loans in Canada were almost $13 millions higher. Those elsewhere were down $823,312, making a net increase in this item of about $12 millions.

In spite of the heavy withdrawals of deposits in June for investment in the victory loan, total deposits other than those of the other banks rose $27.9 millions. Increases were shown in deposits of the Dominion and provincial governments and demand and savings deposits.

Important items in the balance sheet follow:

	1941 $	1940 $
Assets		
Cash & deps. Bk. of Canada	35,784,427	26,071,608
Cheques, etc.	22,547,192	19,905,081
Due fm. other bks.	22,110,875	17,632,583
Public securities	122,391,968	119,881,232
Other securities	9,724,247	11,235,986
Call loans	3,970,256	5,386,172
Total quick assets	216,528,965	200,112,662
Other loans	123,694,054	112,768,179
Letters of credit	31,482,114	6,702,680
Bank premises	5,872,854	6,114,380
Other assets	2,815,295	2,984,830
Total assets	380,393,282	328,682,731
Liabilities		
Note circulation	6,188,967	8,058,969
Depos., other than banks	297,571,332	269,639,665
Depos., other bks.	6,306,648	5,874,741
Letters of credit	31,482,114	6,702,680
Other liabilities	1,577,728	1,180,786
Total liabs to pub.	343,126,789	291,456,841
Sharehldrs' funds.	37,266,493	37,225,890
	380,393,282	328,682,731

Return to Gold Mooted

Plan Common Currency for Americas

That the United States government is planning to restore the gold standard in something like its old form was disclosed by the commerce department at Washington last week.

The proposal was part of a huge war production programme submitted to the South American republics at Rio de Janeiro which included among other things:

Removal of all trade barriers, including tariffs, import duties, customs and other restrictions of any character which prohibit or delay the flow of munitions, war or civilian supplies, between the American Nations.

Creation of a free international currency on a gold basis. Great Britain, China, the Netherlands, India and all British Dominions, it was expected, would also peg their national currencies into the free international exchange currency.

This announcement from Washington was followed later in the week by the statement by Secretary of the Treasury Henry Morgenthau at Washington that the United States government hopes that the American republics and Canada would agree on a common unit of currency to be used in settling export trade accounts. Any agreement reached by the American republics might be extended to all countries outside the Axis, he added.

U. S. Dollar or New Unit

The common monetary unit, according to Mr. Morgenthau, might be the United States dollar or an entirely new unit based on gold or silver.

A resolution was discussed at the Rio de Janeiro Pan American conference last week that financial representatives of the republics meet later to discuss hemisphere stabilization of the currencies.

Canadian bankers interviewed by The Financial Post were sceptical that much could be done in stabilizing currencies till after the war. It was agreed, however, that the object was one deserving of support and that a return to the gold standard in some form ultimately was desirable.

All countries in recent years had had unsatisfactory experiences with currency fluctuations handicapping their foreign trade. Many nations adopted some system of managing their currencies to achieve stability.

In the old days of the gold standard, shipments of gold accomplished this object. Traders in all parts of the world knew they would be able to settle their import and export balances in currency of a standard value. But trade barriers, government regulations of infinite variety ultimately made this impossible.

It was suggested by one banker that Mr. Morgenthau had in mind an international unit which might be used in trade among the countries of the Americas without upsetting the national currencies.

Would Include Silver

Mr. Morgenthau stated that silver might form at least part of the basis of any new currency because South American countries mine larger quantities of silver than of gold. Bankers point out that in Canada the reverse is true, while the large gold holdings of the United States are also an important consideration.

But according to Mr. Morgenthau's plan both gold and silver would have a place. An essential condition would be that each country would put something, gold or silver, into an international stabilization fund. This fund would issue the new money and try to keep a fixed value between the various currencies in international transactions.

Inclusion of Canada in any such plan is considered essential to its success. So far there has been no word of Canada having been approached in the matter.

Excellent Financial Reports

are again presented by —

Huron & Erie Mortgage Corporation

Savings Deposits	$ 9,800,000
1 to 10 year Debentures held by investors	24,400,000
Net Profits	295,973
Total Assets	42,100,000

Canada Trust Company

Guaranteed Trust and Deposit Certificates	$ 7,400,000
Estates and Trusts being administered	28,900,000
Net Profits	130,484
Total Assets	38,200,000

Combined assets over eighty millions

Complete Reports may be had upon request

London Toronto Hamilton Montreal Windsor St. Thomas Chatham Winnipeg Regina Edmonton Vancouver Victoria

Bond Holdings Show Decline

Bank of Canada Investments Drop $47 Millions —Gov't Deposits Lower

A decline of $47 millions in investments is shown in the statement of the Bank of Canada for the week ended Jan. 21, 1942. The decline was mainly in short term government issues.

As holdings of sterling and United States exchange were up about $35 millions and other assets rose about $3 millions, the net change in assets of the bank was a decrease of about $6 millions.

The decrease in investments may have reflected liquidation of bonds to purchase sterling from the Foreign Exchange Control Board and to meet withdrawals of $16 millions from the Dominion Government deposits. Notes in circulation were slightly lower at $478 millions.

	Jan. 21 1942 $	Jan. 14 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	478,789,998	482,597,437
Rest fund	3,722,910	3,722,910
Depos.: Dominion	44,891,181	60,862,364
Banks	199,277,310	190,731,610
Other	11,276,530	6,607,151
Total deposits	255,445,021	258,201,125
All other liabs.	9,225,396	8,592,087
Total liabs.	752,183,325	758,113,559
Assets		
In sterling & U.S.	263,571,841	228,084,006
Subsid. coin	362,248	351,623
Investments:		
Dom. gov. short	270,525,013	314,930,107
Other Dom. gov.	202,200,149	204,865,375
Total invest.	472,725,162	519,795,482
Premises	1,763,886	1,764,077
All other assets	13,760,188	8,118,371
Total assets	752,183,325	758,113,559

Soo Line Bonds Seek Interest

Feb. 21 Date to Hear Petition on C. P. R. Subsidiary

A petition entered by first mortgage bondholders for an immediate interest payment on the bonds of Minneapolis, St. Paul & Sault Ste. Marie Railway Co. is to be heard Feb 21, 1942, in Minneapolis, it has been announced.

No bond interest has been paid since Dec. 31, 1937, except on certain unmatured securities guaranteed as interest by the Canadian Pacific Railway Co. Interest on these guaranteed bonds which matured July 1, 1938 was paid to maturity date only.

A reorganization plan was called last March by the trustees of the railway but no action has yet been taken toward placing it in effect.

Weekly Bank Clearings

	Jan. 22 1942 $	Change Year Ago %	Jan. 15 1942 $
Halifax	3,734,552	+25.1	3,606,329
Saint John	2,290,015	+4.8	1,968,170
Moncton	1,284,314	+68.7	1,058,098
Sherbrooke	1,073,025	+51.4	996,623
Quebec	5,287,128	+20.8	4,999,943
Montreal	120,511,394	+18.9	99,459,933
Ottawa	46,153,771	+44.5	41,608,838
Kingston	763,852	+27.1	750,782
Peterborough	804,542	+40.8	667,191
Toronto	137,255,589	+5.2	112,104,465
Hamilton	7,163,104	+22.8	6,458,171
Kitchener	1,349,291	+26.0	1,099,724
Brantford	1,021,082	+20.6	989,643
London	2,890,096	+14.1	2,433,432
Chatham	667,253	+25.3	696,841
Windsor	3,650,028	+11.9	3,504,326
Sarnia	508,508	+9.4	415,585
Sudbury	859,480	+11.1	1,340,684
St. Catharines	1,305,106	...	1,213,169
Fort William	1,042,008	+16.4	1,084,008
Winnipeg	38,572,145	+9.6	41,982,436
Brandon	430,318	+34.4	392,710
Regina	3,956,782	+12.5	3,824,105
Moose Jaw	684,729	+12.1	737,807
Saskatoon	1,678,056	+35.1	1,502,030
Prince Albert	460,973	+18.4	453,125
Calgary	6,899,951	+9.0	5,913,785
Lethbridge	654,278	+52.7	637,961
Medicine Hat	285,411	+8.4	237,853
N. W'minster	833,117	+24.2	782,003
Vancouver	19,549,182	+11.2	16,938,005
Victoria	2,127,630	+9.4	1,706,009
Edmonton	5,933,461	+35.2	5,795,450

Company Reports

Trusts & Guarantee

Trusts & Guarantee Co. met with improved profits in 1941 with net for the year working out to $7.46 a share as compared with $6.43 in 1940.

Mortgages and agreements for sale are up $122,000 to $523,788. Real estate held for sale is $136,000 lower at $221,353. An increase in the amount of bonds, debentures and cash is shown.

In the guaranteed account trust funds for investment are some $400,000 lower than a year ago at $6 millions while trust deposits show only a moderate recession. These declines are largely accounted for by withdrawals for purchase of Victory Bonds and War Savings Certificates, it is stated.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	104,182	100,978
Less: Taxes	11,554	19,479
Net profit	92,628	81,499
Less: Dividends	25,303	50,791
Surplus on year	67,325	30,708
Add: Prev. surplus	269,263	238,555
Surplus forward	336,588	269,263
Creditors' Position		
Trust funds	6,065,308	6,462,081
Deposits	2,922,084	2,938,954
	8,397,392	9,401,035
Secured by,		
Liquid assets	2,876,543	2,883,506
Mortgages & int.	6,110,849	6,517,529
Other net assets*	1,604,088	1,536,764
	10,591,480	10,937,799
Estates, etc.	39,608,533	41,862,789

*Liquid and other capital account assets, less current liabilities.

Ontario Loan

Net profits of Ontario Loan and Debenture Co., London, Ont., in 1941 declined to $5.10 a share from $5.38 in 1940. The decrease was due to a 50% gain in Dominion income taxes to $135,000.

The improving trend in mortgage payments apparent in 1940 continued last year, notes Archibald McPherson, president. Throughout 1941 mortgage repayments were very satisfactory, and a substantial volume of loans was necessary to maintain the total of mortgage investments. This latter account increased $180,712 on the year to $12,047,383.

As sterling debentures falling due during the year were paid the total of debentures outstanding in Great Britain decreased by $209,921. Currency debentures increased by $166,432 and deposits show an increase of $427,109.

Annual meeting will be held at the company's head office in London, Feb. 11, 1942.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	340,579	305,263
Less: Taxes	135,000	90,000
Net profit	205,579	215,263
Less: Dividends	200,000	200,000
Surplus for year	5,579	15,263
Add: Prev. surplus	109,889	109,626
Less: Tfr. emp. fund	5,000	5,000
Tfr. invest. res.	......	10,000
Surplus forward	110,468	109,889
Liabilities to Public	1941 $	1940 $
Debentures	8,633,373	8,676,863
Deposits	3,897,815	3,470,706
	12,531,188	12,147,569
Secured by:		
Liquid assets	4,441,211	4,200,323
Mtges. & int.	12,047,383	11,866,672
Other net assets*	553,062	590,464
	17,044,556	16,657,459

*Office premises, real estate and agreements for sale, less other liabilities and dividends payable.

Toronto Gen. Trusts

Slightly higher profits for Toronto General Trust Corp. in 1941 were more than outweighed by an increase in taxes. This resulted in net profit for the year declining to $214,144, or $7.14 a share from the 1940 mark of $228,047 or $7.60 a share.

Liabilities to the public declined $440,000 during 1941 while estates, trusts and agencies moved some $7 millions higher.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	309,144	308,047
Less: Taxes	95,000	80,000
Net profit	214,144	228,047
Less: Dividends	120,000	120,000
W/o office premises	50,000	50,000
Surplus for year	44,144	58,047
Add: Prev. surplus	459,660	401,613
Surplus forward	503,804	459,660
Creditors' Position	1941 $	1940 $
Invest. certificates	10,943,265	11,348,105
Deposits	6,847,848	6,886,005
	17,791,113	18,234,110
Secured by:		
Liquid assets	6,317,395	5,989,837
Mtges. & int.	11,473,717	12,244,273
Other net assets	5,003,804	4,959,660
	22,794,916	23,193,770
Estates, etc.	225,090,056	218,101,739

Lambton Trust

Lambton Trust Co. in 1941 had net earnings, after management and all other expenses of $10,709. This amounts to 3.4% on a paid-up capital of $314,850. In 1940 net earnings amounted to $9,689 or 4.06% on a paid-in capital of $238,850. The company's outstanding 6,297 shares of $50 par value are now all fully paid up. Lambton Trust operates as a subsidiary of Lambton Loan & Investment Co., Sarnia.

During the year estates under management rose by nearly 12% to $520,930 from $466,260. Payment of a 4% dividend necessitated the withdrawal of $1,885 from surplus.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	10,709	9,689
Less: Dividends	12,594	9,554
Deficit for year	1,885	*135
Add: Prem. on cap. stk.	......	55
Prev. surplus	17,005	16,815
Surplus forward	15,120	17,005
Earned per share	3.4%	4.06%
Paid	4.0%	4.0%
Assets Position	1941 $	1940 $
Liquid assets	142,151	106,368
Mtges. & int. (net)	243,999	199,854
Other net assets	*5,581	*366
	380,569	305,856

*Excess of current liabilities over real estate held for sale.

Estates	520,930	466,260

Lambton Loan

Ninety-eighth annual report of Lambton Loan and Investment Co., Sarnia, Ont., shows 1941 earnings at $2.96 a share as compared with $3.19 a share in the previous year.

There was a contraction of some $60,000 in the company's liabilities to the public during the year to a total of $2,567,617. Bond and debenture holdings moved up around $33,000 to $562,492 while common and preferred stock holdings were some $10,000 lower at $40,100. Two dividends of 2% and 3% respectively were paid in 1941 as compared with two of 2% each in 1940.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	46,779	50,348
Less: Dividends	39,487	31,590
Surplus for year	7,292	18,758
Add: Prev. surplus	57,855	64,097
Less: Tfr. invest. res.	......	25,000
Surplus forward	65,147	57,855
Earned per share	$2.96	$3.19
Paid	2.50	2.00
Liabilities to the Public	1941 $	1940 $
Debentures & int.	1,606,081	1,622,724
Deposits	961,537	1,005,921
Total	2,567,617	2,638,645
Secured by:		
Liquid assets	892,113	827,906
Mortgages & int.	2,679,511	2,748,409
Other net assets*	550,890	599,936
Total	4,122,514	4,176,251

*Including Lambton Trust Co. stock carried at $330,000 in 1941 and $255,000 in 1940.

Dover Industries

Dover Industries Ltd. in the period Jan. 1, 1940, to Sept. 30, 1941, had net profit of $182,438. This is equal to $1.27 per share on the outstanding 142,816 shares.

Operating profit for the period amounted to $370,715 from which was deducted $57,253 depreciation, $24,279 executive salaries, $1,320 directors' fees and expenses, $745 legal fees and $114,195 for taxes. Revenue from investments and bank interest totalled $9,514. Five dividends, all of 20 cents each, were paid during the period for a total disbursement of $141,945.

Earned surplus carried forward amounts to $39,622.

Balance sheet as at Sept. 30, 1941, shows current assets of $829,843 against current liabilities of $164,329, leaving working capital of $665,514, equivalent to $4.66 a share. Current assets are made up of $149,802 cash, $119,841 investments in securities, $192,275 receivables and $364,925 inventories. Current liabilities are made up of $53,821 accounts payable, $28,563 dividend payable and $81,944 tax reserve.

Fixed assets are shown at $702,871 against which there is a depreciation reserve of $486,363.

Western Breweries

A 20% gain in operating profits and one of approximately the same proportions in net profits is reported by Western Breweries Ltd., Winnipeg, for the year ended Oct. 31, 1941, as compared with the previous year. Reflecting this, net profits are equivalent to 52 cents a share on the common against 42 cents a share for the 1939-40 period. An initial dividend of 10 cents a share was paid April 25 last, first payment on the present stock and only payment since 1930.

Funded debt has been reduced by $25,000 to $425,000. Working capital has been improved by more than $80,000 to $227,076. Cash and Dominion bonds at $109,000 compares with $48,671 a year earlier.

Consol. Income and Surplus Account
Years Ended Oct. 31

	1941 $	1940 $
Operating profit	962,073	805,323
Less: Excise tax., etc.	635,538	506,188
Net oper. profit	326,535	299,135
Add: Int., divds., etc.	12,940	6,600
Less: Exec. sals., legal fees	24,403	29,479
Directors' fees	1,000	1,000
Depreciation	75,618	70,886
Bond interest	23,926	42,345
Income & E. P. tax.	87,750	60,000
Pref. divs. Drewrys	......	355
Net profit	126,778	101,670
Less: Dividends	24,479	......
Surplus for year	102,299	101,670
Add: Previous surplus	179,889	92,622
Capital profits (net)	9,454	*3,809
Less: Tax adjusts.	772	5,414
Other adjustments	......	2,895
Commis. on invest. sale	......	1,250
Drewry's pref. div. res.	......	1,035
Surplus for year	290,871	179,889
*Loss.		
Earned per Share	$0.52	$0.42
Paid	0.10	nil
Shares o/s., n.p.v.	244,786	244,786
Working Capital	$	$
Current assets	419,916	320,363
Current liabilities	192,840	174,970
Working capital	227,076	145,393

Clarendon Apts.

Clarendon Apartments Ltd. in the six months ended Nov. 30, 1941, had a deficit of $166 after payment of bond interest. Receipts during the period amounted to $17,390, of which rentals comprised $17,125. Disbursements of $17,556 included $4,815 bond interest payment on account of the coupon due June 15, 1934.

Surplus carried forward as at Nov. 30, 1941, amounted to $2,329.

Dominion Oilcloth

War material sales of Dominion Oilcloth & Linoleum Co. during the year ended Oct. 31, 1941, were of considerable volume and substantial government orders are still to be completed, states John J. McGill, president, in the company's annual report. Dominion Oilcloth is in the process of equipping itself further to meet the increased demand for defense requirements, hoping in this way to maintain a satisfactory rate of production.

Sufficient supplies were received during the year to meet increased demands for the company's products. However, more difficulties arise as the need for essential industries has to be met and raw materials obtained from distant sources become scarcer or impossible to procure, so that normal operations may have to be curtailed to some extent.

Net profits in the year advanced to $1.87 a common share, before considering the participation feature of the deferred stock. This compares with net of $1.61 a share in the previous fiscal year. Taxes during the year increased to $1.1 million from $397,000.

Balance sheet as at Oct. 31, 1941, shows cash $200,000 higher at $877,000 while the company now holds $249,000 treasury bills. Inventories are $364,000 higher at $1.8 million.

Income and Surplus Account
Years Ended Oct. 31

	1941 $	1940 $
Operating profit	2,117,150	1,158,533
Add: Invest. income	600,290	587,343
	2,717,440	1,745,876
Less: Depreciation	96,368	86,282
Taxes	1,177,671	397,151
Foreign inc. taxes	6,664	5,085
Legal exps.	5	85
Dirs. sals. & fees	127,400	127,450
Net profit	1,309,332	1,129,822
Less: Com. divds.	1,120,000	1,120,000
Def. divds.	127,912	9,756
Surplus on year	61,420	66
Add: Prev. surplus	537,300	516,331
Prof. on secs.	45,483	29,863
Surplus forward	582,783	537,300
Earnings per Share:		
Common: Earned	1.87	$1.61
Paid	1.60	1.60
Working Capital	$	$
Current assets	3,889,662	2,935,929
Current liabilities	1,638,018	712,557
Working capital	2,251,644	2,223,372

Bank Chat

According to the Bank Act, the Canadian chartered banks were required on Jan. 1, 1942, to reduce their note circulation to a maximum of 55% of their paid up capital. In many cases the actual note circulation, it is understood was already below this figure.

The Act provided that after the Bank of Canada began operations in the spring of 1935, the note circulation of the commercial banks was limited to an amount equal to their paid up capital. It further provided that on Jan. 1 of each of the next five years beginning Jan. 1, 1936, the maximum circulation allowed should be reduced by 5% of the paid up capital, and in each of the next five years by 10% of the paid up capital, till the amount of circulation allowed be not more than 25% of the paid up capital.

Under this plan the first reduction of 10% of paid up capital became effective Jan. 1, 1941, the second on Jan. 1, 1942.

With the drop in the circulation a bank can issue, the double liability of the bank shareholders drops also. Accordingly holders of stock in the Canadian chartered banks are now liable only for an additional 55% of par value of their stock, in event of it being necessary to make any call on shareholders. This factor, however, is much more theoretical than a real advantage because of the strength, careful supervision and management of Canadian banks.

New Books • •

Progress Report

MOBILIZING CANADA'S RESOURCES FOR WAR. A. F. W. Plumptre. Published by the Macmillan Co. of Canada, Toronto. Price $3.

Blow-by-blow reporting of the political and military story of the war has become a commonplace. Less common are authoritative descriptions of the war of wealth.

Professor Plumptre's 300-page report on Canada's economic mobilization provides valuable food for the growing appetite of Canadian businessmen for economic information. A review of the developments to date of writing in late 1941, Mr. Plumptre's story starts with Canada's pre-war unemployment problem, which he estimates at 600,000 persons, ends with the imposition of price and wage ceilings because of the re-employment of almost all the pre-war jobless.

In the process, Canadian business has been submitted to unprecedented regimentation. How that regimentation developed, some of the reasons why government felt it necessary to impose each successive control is perhaps the most important contribution to the businessman's working philosophy.

Tended to Break Down

For example, when it became known that all tenders called for a given war job had to be accepted, the whole tender system as a means toward securing economy and competitive action tended to break down, Prof. Plumptre points out. Substantially the same thing happened in the labor field. When there were jobs for all, competitive bidding for labor lost its peacetime function of increasing labor supplies.

In each field of Canada's wartime policy, there has been a somewhat similar trend, a period of relative ease from the outbreak of war to the fall of France, in which Canada was called upon to supply mainly the basic materials of peacetime trade, followed by violent acceleration of output of the more complicated materials of war.

This schedule of treatment is applied to each division of the Canadian economy — labor and equipment, the three-cornered relationship between Canada, Britain and the United States, wartime finance and financial controls, the commodity and labor picture. In each phase the reader is carried from the half-forgotten days of the "sitzkrieg" up to the point where Canada's machinery for total war is on the point of shifting into high gear.

Unique Opportunity

Writing originally as a Canadian observer for Leon Henderson, Washington's head of the Office of Price Administration, Professor Plumptre had unusual opportunities to watch the machinery of war at work, jot down the structural changes that accompanied the mobilization process.

Amply informed on the developments in each phase of the mobilization setup, the reader has to draw his own conclusions as to where the unified machine is heading, what the end-product of the process will be in terms of Canadian life now and after the war. While many readers would like to hear what Professor Plumptre has to say on these things, all will realize his diffidence in doing so.

110th Annual Statement

The Bank of Nova Scotia

Capital Paid Up $12,000,000 — Reserve Fund $24,000,000

PROFIT AND LOSS

Balance December 31st, 1940	$ 1,225,890.77
Net profits for the year ending December 31st, 1941, after Dominion taxes $1,061,949.10 and after making appropriations to Contingent Accounts out of which accounts full provision for Bad and Doubtful Debts has been made	1,935,602.47
	$ 3,161,493.24
Quarterly Dividend Nos. 285, 286, 287, 288	$ 1,440,000.00
Contribution to Officers' Pension Fund	205,000.00
Written off Bank Premises	250,000.00
Balance carried forward December 31st, 1941	1,266,493.24
	$ 3,161,493.24

General Statement as at December 31st, 1941

LIABILITIES

Capital paid up		$ 12,000,000.00	
Reserve fund		24,000,000.00	
Dividends declared and unpaid		363,135.12	
Balance of profits, as per profit and loss account		1,266,493.24	
			$ 37,629,628.36
Notes in circulation		$ 6,188,967.58	
Deposits by and balances due to Dominion Government	$ 8,972,274.15		
Deposits by and balances due to provincial governments	616,654.64		
Deposits by the public not bearing interest	107,570,071.88		
Deposits by the public bearing interest, including interest accrued to date of statement	180,412,331.16		
		297,571,331.83	
		$303,760,299.41	
Deposits by and balances due to other chartered banks in Canada		3,553,950.23	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries		2,752,697.41	
			$310,066,947.05
Acceptances and letters of credit outstanding			31,482,114.04
Liabilities to the public not included under the foregoing heads			1,214,593.40
			$380,393,282.85

ASSETS

Subsidiary coin held in Canada	$ 472,856.60	
Gold held elsewhere	1,068.96	
Subsidiary coin held elsewhere	975,436.46	
Notes of Bank of Canada	9,089,689.25	
Deposits with Bank of Canada	25,245,376.52	
Notes of other chartered banks	187,345.40	
Government and bank notes other than Canadian	7,151,585.47	
		$ 43,123,358.66
Cheques on other banks		15,208,260.95
Due by banks and banking correspondents elsewhere than in Canada		22,110,874.56
		$ 80,442,494.17
Dominion and provincial government direct and guaranteed securities, maturing within two years, not exceeding market value		50,907,187.60
Other Dominion and provincial government direct and guaranteed securities not exceeding market value		58,526,070.31
Canadian municipal securities, not exceeding market value		10,629,318.37
Public securities other than Canadian, not exceeding market value		2,329,391.64
Other bonds, debentures and stocks, not exceeding market value		9,724,247.20
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover		3,069,734.30
Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover		900,521.50
		$216,528,965.09
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	$106,195,902.69	
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	13,556,254.26	
Loans to provincial governments	1,461,603.45	
Loans to cities, towns, municipalities and school districts	2,099,287.82	
Non-current loans, estimated loss provided for	381,006.12	
		$123,694,054.34
Liabilities of customers under acceptances and letters of credit as per contra		31,482,114.04
Mortgages on real estate sold by the bank		83,103.50
Bank premises, at not more than cost, less amounts written off		5,872,854.01
Deposit with the Minister of Finance for the security of note circulation		427,705.50
Shares of and loans to controlled companies		2,200,000.00
Other assets not included under the foregoing heads		104,486.37
		$380,393,282.85

J. A. McLEOD, President — H. D. BURNS, General Manager

Auditors' Report to the Shareholders:

We have examined the above General Statement of Liabilities and Assets as at December 31st, 1941, and compared it with the books at the Chief Office and with the certified returns from the Branches. The Bank's investments and cash on hand at the Chief Office and at the Toronto and Montreal Branches were confirmed by us at the close of business on December 31st, 1941. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We report that in our opinion the above statement discloses the true condition of the Bank and is as shown by the books of the Bank.

D. McK. McCLELLAND, F.C.A., of Price, Waterhouse & Co.
A. B. SHEPHERD, F.C.A., of Peat, Marwick, Mitchell & Co. } Auditors.

TORONTO, CANADA, 15th January, 1942.

Paper Pinch May Hit Late This Year

But Thinks Supply Will Be 96% Recent Average Demand

Canada should have available for commercial use in 1942 about 96% of the book and writing papers we actually used in the average of the years 1938-39-40, Harold Crabtree, president of Howard Smith Paper Mills, estimates.

He admits the difficulty of forecasting when war conditions may unexpectedly alter both demand and supply for fine papers of all kinds, wrapping paper or paperboard.

He feels that his estimate can be achieved by working mills on a basis of 6½ days a week or more, by eliminating special grades, colors, sizes and weights. The estimate is also based on the assumption that the war effort does not require more paper than allowed and on a probable further increase in mill output of perhaps 5%.

For the first half of 1942, Mr. Crabtree sees little danger of running out of supplies of these papers and this is about as far ahead as he is willing to attempt any forecast.

Need Materials

Much is going to depend on ability of the Canadian paper mills to get an adequate supply of materials which they need. Already some materials are scarce or restricted in supply. Among these might be mentioned chlorine for bleaching the paper and casein, used in making coated papers. In the past, casein has been imported from Australia and New Zealand. Now it is hoped to be able to import it from the United States. If this is not possible, substitutes must be found. There is prospect that other needed chemicals may become scarce as well.

One factor causing present heavy demands on the Canadian industry for paper at present is shutting off imports into this country. This has come at a time when domestic consumption was moving sharply upward.

He believes that Canada's present paper supply can be spread out to go much farther than it does at present. He mentions specifically:

1. Discouraging of "specials" in which printers can help by designing all pieces to cut out of standard sizes of paper.

2. Reduce grades and colors offered for sale so as to approach mass production.

3. Carry on a campaign to reduce weight of paper used. This means more yards per ton, more tons produced per hour and less man hours per yard of paper.

To help out in assuring a supply of waste paper which is widely used particularly by makers of paperboard, he calls on printers and paper users to avoid waste in their own plants and to salvage all possible used or waste paper.

As summarized by Canadian Printer and Publisher, Mr. Crabtree indicates the demand and supply situation affecting the paper industry in Canada as follows:

INDUSTRY'S POSITION AT WAR OUTBREAK

	Capacity Tons	Domestic Use Av. 1938-39-40 (Incl. Government)	Capacity Operation %
Book and writing*	145,000	138,000	94.4
Wrapping	48,000	41,950	87.4
Board	450,000	371,862	82.6

TO WHICH MUST BE ADDED ADDITIONAL TONNAGE BUILT OR BUILDING

	Additional Capacity Tons	On this basis operations in 1938-39-40 would have been %
Book and writing*	20,000	83.6
Wrapping	12,000	69.9
Board	50,000	74.4

ADDING THIS ADDITIONAL CAPACITY WOULD SHOW

	Total Capacity Tons	Estimated War Needs Tons	Balance for Commercial Use Tons	Balance for Commercial Use As % 1939-40 Av.
Book and writing*	165,000	41,250 (25%)	124,000	90
Wrapping	60,000	20,000 (1/3)	40,000	100
Board	500,000	125,000 (1/4)	375,000	101

*Includes blotting, stationery, greaseproof, glassine and coated papers.

Biscuit Makers Take Steps To Aid Paper Conservation

Biscuit manufacturers in Ontario and Quebec have been getting together to conserve paper board, reports Canadian Grocer. Plans worked out by the biscuit men call for elimination of certain sized small cartons, cutting of size of flaps of cartons and a reduction of the quantity of wax and glassine paper inside where possible.

Cutting of supplies of Cellophane and similar transparent papers for wrapping biscuits by 50% has already meant a switching over to use of wax paper in many instances.

An instance of the paper reduction efforts is the agreement that on all seal-end cartons and combination seal bottom, tuck-top cartons, the outside flap shall not overlap more than one inch and the combined length of the inside flap shall not exceed the combined length of the outside flaps. This reduction in itself is expected to mean a considerable saving in paper board.

Pulp & Paper Association Seeks Ways to Save

Canadian Pulp and Paper Association holds its annual meeting in Montreal this year on Jan. 28, 29 and 30. Major subjects of discussion are to be methods of increasing the efficiency and reducing operating costs in both woodland and manufacturing operations which take on added significance in view of the important place the industry holds in Canada's wartime economy.

Separate discussions are to be conducted by the technical sections, under W. B. Scott, chairman, and the woodlands section under L. A. Nix, chairman.

A feature this year will be a special exhibit of photographs and actual products showing the various war materials being produced by the pulp and paper industry under the Bits and Pieces programme of the association's Wartime Machine Shop Board.

At the annual luncheon on Jan. 30, which follows the annual meeting and election of officers, F. G. Robinson, president, will present his report. Principal speaker at the annual luncheon will be Lieut.-Col Howard Kennedy, former manager of the Quebec Forest Industries Association, temporarily in Canada following active service overseas.

The Weldon Gold Medal, donated annually by A. L. Dawe, goes this year to Carl D. Jentz of the St. Lawrence Paper Mills Co. in recognition of technical papers presented by Mr. Jentz at the 1941 annual meeting and other occasions. The Howard Smith Gold Medal, donated by Harold Crabtree, is to be awarded to K. D. Running of Anglo-Canadian Pulp & Paper Mills Ltd. for his paper, "Hardwood Utilization," read at the 1941 annual meeting.

Export Permits Needed For Pulpwood Trade

Canada has placed pulpwood products on the list of articles on which an export permit must be obtained before they are sent out of this country. This action is said to be due to local shortages because of unusual demand at higher prices from the United States.

After Feb. 1, permits will be required covering all shipments from Canada of pulpwood of spruce, balsam, hemlock, jackpine or poplar, either as cordwood or logs.

Hon. J. A. MacKinnon, Minister of Trade and Commerce, in announcing the permit system stated that no discrimination was intended against established United States interests who have been accustomed to get their supplies of pulpwood in Canada. Contracts concluded prior to Jan. 15, 1942, would not be interfered with.

Corrugated Paper Box Arrears Unchanged

Dividend of $1.75 a share has been declared on the 7% preference stock of Corrugated Paper Box Co., payable March 2, 1942, to shareholders of record Feb. 16. Payment of this dividend will leave arrears unchanged at $14 this year.

Referee Board Outlines Base Of Policies

Seeks to Equalize Excess Profits Base, Not Tax Itself — Decisions Kept Secret

Canada's excess profits tax board is holding continuous hearings to dispose of claims for the fixing of the base or standard profit of taxpayers. Mr. Justice W. H. Harrison, chairman of the board, outlined its basic policies in a press statement. Decisions of the board are held to be secret. He said the Board seeks:

"On the basis of information supplied by the claimant and supplemented by the studies of our own staff, to set a level of profits which might reasonably have been earned under business conditions prevailing in 1936-1939. The Board is not unmindful of the consequences of the result of taxation upon a business although its primary duty is to equalize the base and not the consequences of the tax."

Business Views Contrary

Some businessmen, he says, want an award of standard profits higher than they could possibly have earned in 1936-1939 in order to recoup losses of past years and be fortified for the future.

The chairman emphasizes, however, that "it is precisely this increase of profits that is to be taxed." The Board's duty, he holds, is:

"Merely to set a base which represents the realistic judgment of what a claimant's prewar profits might have been if he had been in business or if he had not been unduly depressed. If wartime profits increase above this level, the claimant experiences the same relative consequences as other taxpayers who have had to rely on their actual prewar profits as the basis for calculating the increase in wartime profits."

Seeks Representative Base

The chairman states that to measure the increase, profits are compared with the average profits in the four years immediately preceding the war. It is highly important to business, he states, that this base be representative of the actual earning power of the business as otherwise, if it were unduly low, the increase in wartime profits might result in unjust taxation.

Recommendations of the Board are turned over to the minister of national revenue and, if approved, are communicated to the taxpayers concerned and are not made public.

Two Classes of Claims

The Board has two general classes of claims referred to it by the Income Tax Department which determines whether claims are eligible for consideration.

The first class comprises the claims of new businesses which obviously have no record of prewar earnings.

The second class includes certain defined claims from businesses which contend that their profits were unusually depressed in the 1936-1939 period. They desire to have their standard profits raised to a level which would correct the special or unusual disabilities which caused the depressed conditions from which they suffered.

A wide variety of claims confronts the Board from all kinds of businesses ranging from pins to heavy duty machines. The chairman emphasizes that it is not the function of the Board to equalize the burden of excess profits taxes, but to carry out the general policies devised to meet the legal, accounting and economic problems which it faces.

Municipal Finances

Toronto collected 92.02% of its 1941 levy in current taxes during that calendar year, the highest percentage collection in the past 13 years. G. A. Lascelles, finance commissioner, reports. Collections for 1941 totalled $29.8 millions of a total levy of $32.3 millions. In 1940 collections were $30.1 millions of a total levy of $33.6 millions.

Outstanding taxes, current and arrears, at $3.8 millions are the lowest since 1933. Prepayment of taxes in 1941 amounted to $5.3 millions against $4.2 millions in 1940.

* * *

Vancouver should be able to show an operating surplus when it closes its 1941 accounts, according to Alderman John Bennett, Civic Finance Chairman. Total of $1,135,000 was paid into the sinking fund in 1941, reducing the fund's accumulated deficit to less than $16 millions. Debentures amounting to $2,466,000 matured and were paid off. Approximately 92% of the current taxes were collected, a slight increase over 1940. Collections of tax arrears were 4% higher than the previous year, and collections of both current taxes and arrears combined represent more than 103% of 1941 current levies.

* * *

Welland, Ont., operations in 1941 resulted in a surplus of $31,554, it is reported. Cash balance on hand at the end of the year, after making provision for all outstanding current liabilities, was $84,434. During the past ten years, Welland has reduced its debentures debt by nearly a quarter of a million dollars, outstanding debentures now amounting to $1,227,417. This represents a per capita liability of only $95.60 compared with the per capita liability of $220.49 in 1932.

* * *

London, Ont., 1941 Separate School assessments on which 1942 taxes will be based was $6,027,278, as compared with $6,118,646 in the previous year. Division of the 1941 total is: real estate, $5,631,070; business, $393,961; income, $2,247. The separate school figures are on a total city assessment of $84,832,000.

Recent retirement of $257,000 debentures of the London & Port Stanly Railway will mean that London taxpayers will pay $21,500 less in debt charges on this account.

* * *

Barton Township, Ont., collected in taxes during 1941 a total of $43,539, approximately 84% of the total collectable. During the year a total of $14,727 was collected on arrears. Bank overdraft of $10,746 outstanding at the end of 1940 was paid off in 1941 and at the latest year end there was a balance on hand of $4,776 after payment of all accounts.

* * *

Kingston, Ont., will have no increase in taxes in 1942 while there is a possibility of some reduction, according to Mayor H. A. Stewart. Current tax collections in 1941 were 93.36% as compared with 91.4% in 1940. Tax arrears outstanding now amount to $100,000. An increase in the collection of arrears brought total tax collections in 1941 to 105.27% of the year's levy. During 1941 debentures amounting to $242,450 were retired and new issues totalled $52,000 making a net reduction in the indebtedness of the city of $190,450. In 1941 there was a reduction in the net carrying charges affecting the general tax rate of over $26,000. For 1942 there will be a further reduction of $26,130, it is estimated. The last of the unemployment debentures amounting to $116,000 will be retired in July.

* * *

Saltfleet Township, Ont., had an operating surplus of over $21,000 in 1941, this being the first year that no money was borrowed by the township. Tax levy of 20.5 mills in 1941 is expected to be further reduced for 1942. Tax collections during the year were over $101,000 or nearly 80% of the tax levy of $127,412, and 5% above 1940. Collection of arrears amounted to $48,026.

Cosmos Imperial Declares Extra

Cosmos Imperial Mills has declared an extra dividend of 15 cents a share along with the regular quarterly of 30 cents. Both dividends are payable Feb. 14 to shareholders of record Jan. 31. Similar extra dividend was paid at the same time a year ago.

Cosmos is understood to have been operating at a high rate of capacity during 1941 with unofficial expectation being that the year's earnings will be at least as good as in 1940.

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Single room with shower, $3.00.
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Chateau Frontenac	Quebec, P.Q.
Royal York	Toronto, Ont.
Royal Alexandra Hotel	Winnipeg, Man.
Hotel Saskatchewan	Regina, Sask.
Hotel Palliser	Calgary, Alta.
Banff Springs Hotel*	Banff, Alta.
Chateau Lake Louise*	Lake Louise, Alta.
Emerald Lake Chalet*	near Field, B.C.
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1942 — Our 50th Anniversary Year

THE 1941 RECORD

Insurances and Annuities in Force	$660,457,610
(An increase of $20,201,995)	
New Business Placed	62,766,744
(An increase of $9,364,879)	
Payments to Policyholders and Beneficiaries	15,884,814
(To living Policyholders, $11,318,490)	
Assets	180,608,957
(An increase of $7,096,628)	
Surplus, Contingency Reserve and Capital	6,801,015
(Added security for Policyholders)	

During 1942 we shall observe our 50th Anniversary, leaving behind a "first 50 year" record unequalled in Canadian life insurance.

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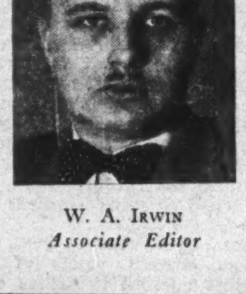
H. NAPIER MOORE
Editor

H. Napier Moore has been master chemist, so to speak, for Maclean's for more than 15 years. Assisted by such men as W. A. Irwin, associate editor, Jack Paterson and R. G. Anglin, assistant editors, and N. O. Bonisteel, art editor, he has selected the best of writers, carefully guided and blue-pencilled their efforts and shrewdly presented them twice a month in interesting array before Canada's largest magazine audience. His editorials and his own column, "In the Editor's Confidence," receive exceptionally large reader attention, as shown in "What Canadians Read," a recent survey shown on request.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Clydebank Scene of Desolation Now But Britain's Model City To-morrow

By FLOYD S. CHALMERS
Editor, The Financial Post

GLASGOW.—The primeval forest of shipyards along the Clyde, which in other days gave the world the "Hood," the "Empress of Britain," the "Queen Mary" and the "Queen Elizabeth," is today fighting the battle of the oceans—and winning it. Every few days a new cargo vessel or warship flouts the muddy bottom of the River Clyde and makes for salt water. By some time in 1942 the curve of shipbuilding will rise sharply above sinkings. It isn't the Clyde alone that will do it, but the Clyde is still the birthplace of more ships than any other place in the world.

The Clyde has donned battleship grey. There are no great ceremonial launchings with the press of the world flaunting pictorial stories of achievement. The Clyde goes about its business in dead earnest and in great secrecy.

A visit to some of the yards that stretch for 30 miles along the river, and a trip down one side of the river and up the other in the police launch, filled one's mind with encouraging pictures of almost unblitzed activity. There were things one would like to shout exultantly to the world, but which one must not talk about.

Slaughter of Clydebank

Not far from some of the Clyde's larger shipyards stands the workingmen's suburb of Clydebank. Last Spring, Clydebank was a happy little community of 55,000 souls. In two nights of bombing, Hitler drove thousands of them from their homes. There were 2,000 casualties including several hundred deaths.

The damage the Luftwaffe did to the shipbuilding yards and war production in the Clyde and other Scottish areas was not inconsiderable, but the actual slowing up of production was brief.

One cannot particularize in a matter like that because Supply and Shipping officials are at all times ready to leave the enemy guessing as to what his bombs have done. If he hits a factory or yard that's for him to find out and if he misses there is no inclination to suggest he have a second try at it. But I think I might safely say that in the areas I visited in Scotland the bomb damage was much less than I had expected to see.

The direct damage to plants has been less important at any time than the loss of time due to upset working schedules when workingmen's residential areas are blitzed and time is lost in settling the families in new and temporary homes. Such interruptions are always of short duration. There have been no substantial delays anywhere in the British Isles since last Spring.

Glasgow's answer to the bombing was given the other day when that city and Birmingham staged a "Warships Week" Competition to sell war savings certificates. Glasgow set up a new high record for a provincial city by raising £13,501,309. (Later Liverpool surpassed this record.)

If Clydebank is today a scene of desolation, it will be one of Britain's model cities after the war. Plans are being drawn up for its rebuilding. There will be wide streets and modern homes; community centres, spacious parks and ample playground space. The schools will be placed where children will be able to avoid busy, dangerous traffic arteries.

Setting New Records

On the Clyde, where ships for this war are being turned out, new records are being set. A cargo vessel of over 10,000 tons was completed in less than six months the other day, which is a mark for builders the world over to shoot at.

And while the war is being won, master shipbuilders are discussing the kind of ships they will build after the war. They reckon with the over-night, ocean-hopping passenger airplane, but they have not agreed yet among themselves that the day of the speedy, four-day luxury liner is past. But they feel that the type of trans-Atlantic passenger who seeks speed, regardless of cost, is probably lost to them for good.

One of the most famous of the Clydebank shipbuilders said to me, "It's for the shipowners and the passengers, and not for us, to decide. But I think the ships we'll be building will be speedy, seaworthy cargo vessels, that will cross the Atlantic in seven to eight days, and that will each be equipped to carry 100 to 200 passengers in the utmost comfort. They will be 15,000-ton vessels, capable of making 18 knots. Those who want to travel faster than that will go by air, but in our generation there will still be more people travelling by sea than by air."

Ships do not represent the sum total of the material contribution of industrial Scotland to the war. The combination of coal and steel has made most of southern Scotland a great arsenal, vibrating with the promise of victory. In Scotland, everybody seems to be busy, with one or more war jobs—women as well as men.

Ministry of Supply officials in Scotland speak somewhat proudly of the fast pace war production has reached in Scottish factories.

Some Disappointments

One cannot generalize about the morale and efficiency of the workers. Take shipping, considering the years of dole and depression—Britain got down as low as 133,000 tons of shipping, for instance, in 1933 or less than 5% of capacity and had only 250,000 tons on the ways five months before war broke out—morale and efficiency are very high. Considering the imminence of the invasion danger, the tempo of production in some plants is disappointing. In other plants there is smooth hustle in evidence.

There was a half-hour taken to strike in Glasgow shipyards the other day. The right to strike has been taken away from workers but they do occasionally walk out. But this strike was typical. Instead of laying off for several days, the men voiced their feelings by knocking off half an hour early. It was certainly not an evidence of a feeling of intensity on the job. But it was on the other hand not a serious stoppage of production.

The shortage of labor is still the worst of the war supply bottlenecks, much worse than the machine tool situation which is now "comfortable." Throughout Scotland training centres have been set up where women are being taught very technical trades—formerly reserved for men, such as tinsmithing, arc-welding, etc.

It's because of the labor shortage that Labor Minister Ernest Bevin is now conscripting married women for munitions plants.

There is an intense interest here—as in England—in Canada at war. The Scottish people understand Canadians better than they understand the English, and they like them better. Speaking to the Rotary Club in Edinburgh was like speaking to a Rotary Club in Canada and although I was afraid I had been boastful and had overplayed our part in war production, the mover of the vote of thanks asked why I had been so modest about what Canada was doing.

The Ministry of Information had me attend the weekly press conference of the Scottish journalists and it took an hour and a half to answer all the questions asked about Canada at war.

Lake Sulphite Deal Approved

Shareholders Fail to Develop Alternative to Brompton Offer

Failure of shareholders of Lake Sulphite Pulp Co. to develop an alternative plan for financing the company at the special meeting on Jan. 22 means that the order sanctioning the compromise agreement between the company and its creditors becomes effective. Mr. Justice J. A. Hope of the Ontario Supreme Court ruled that no further order was necessary than the one issued on Jan. 12 by Mr. Justice J. K. MacKay, which originally sanctioned the compromise but permitted a delay to allow shareholders a chance to develop any alternative plan they could.

This means that the offer of Brompton Pulp & Paper Co. to buy the assets will be accepted. Under the arrangement, secured creditors would receive about 25% of their claims in debenture stocks and unsecured creditors about 10% in cash. There is no balance available for shareholders.

B. C. Sawmills Lead in Size

Canada had 6,610 sawmills in 1940, according to information released by the Department of Mines and Resources at Ottawa. By numbers, Quebec had most sawmills with 2,166, followed by Ontario with 1,561. Nova Scotia had 1,040.

Classified according to annual production, however, British Columbia is seen to have 29 sawmills capable of producing 20 million board feet or more out of a total of 36 such mills in Canada. On the other hand, Quebec had 2,025 classified as under one million board feet annually and Ontario, 1,495.

Cigarette Use Sets All Time Record

New high record in cigarette consumption in Canada in 1941 is indicated by the statement that 8,587.7 millions were made available for consumption, according to Dominion Bureau of Statistics figures. This is 13.3% greater than the previous maximum of 7,571.8 millions in 1940. The average for the five immediate prewar years was 5,859.6 millions.

Cigar releases in 1941 numbered 191.4 millions as compared with 165.7 million in 1940, a gain of 15.5%. Average for the five prewar years, 125.8 millions.

John Bertram Pays 5c Extra on Common

John Bertram & Sons Co. has declared an extra dividend of five cents a share on its common stock payable, along with the regular semi-annual dividends of 15 cents a share, on Feb. 15, 1942, to shareholders of record Jan. 31.

Your Investments

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3. Supply facts rather than opinions.

What We Don't Do:

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3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Ottawa Light

I hold some Ottawa Light Heat and Power. Please give me any information you have on this company, as I notice the stock has dropped to a very low level for the high rate of earnings.

The stock market in the past few weeks has not shown any particular signs of strength and the decline in the market value of Ottawa Light Heat and Power common shares reflects a general trend rather than any particular development in connection with the company's affairs.

From an operating point of view the company has been experiencing an exceptionally strong demand for its services, due principally to the large influx of war workers into Ottawa. In 1940 net profits totalled $176,733, compared with $234,518 the year before. The decline was due almost entirely to an increase of about 100% in taxes. The report for the past year should make better reading for the shareholders and expectation is that income on the common stock will exceed that for 1940, when it totalled 66 cents a share.

National Steel Car

As an American subscriber please tell me if National Steel Car is playing any part in the war effort. Comment on the company's outlook would also be appreciated.

This company is playing an important part in Canada's war effort. It was the first company in this country to start making shells and has been in the aircraft manufacturing business for some time.

Just recently it is switching its aircraft plant to the manufacture of a large four-engine bomber of British design in preparation for turning out orders which may total about $75 millions. In the year ended June 30, 1941, the company earned $6.05 a share, a substantial increase from $2.64 a share reported for the previous year. Current dividend rate is $2 a share annually and there has been no indication that the company has planned any increase. Its prime peacetime business is the manufacture of railway cars and automobile chassis. There is little doubt that this company will be very active during the war, although dislocations may occur as at present, because of the necessity of changing from one type of production to another.

Tip Top Incorporated

What is the present status of the preferred stock issued by Tip Top Tailors Incorporated?

There are still a number of details to be cleaned up concerning the position of Tip Top Tailors, Inc., but we are informed that the trustees charged with winding up the company have stated that the current liabilities of the business exceed total assets. It would therefore appear virtually assured, that there will be nothing to distribute to the preferred shareholders.

If this proves to be correct, the sole remaining value to the Tip Top Tailors, Inc., preferred stock will be dividends which are guaranteed up to the payment due January 30, 1944, by the parent company.

Caldwell Linen

I have received a prospectus on Caldwell Linen Mills Ltd. offering first and second preferred stock. I would appreciate your comments.

Owing to the fact that the shares of Caldwell Linen Mills Ltd. have not been actively traded before this year, there is not a great deal of information pertinent to the company that is not contained in the circular to which you refer. We are informed that the company is the only linen making firm in Canada, that owing to lack of raw material it has recently diverted practically its entire output to cotton fabrics of one type or another and that all production has been sold several months in advance. It is also worth pointing out that the plant is located on ground that would be submerged in the event of the completion of the St. Lawrence waterway according to present plans. Presumably the mills would be paid for by government compensation and the entire plant moved back to a site that has already been acquired.

It is worth noting that, according to the prospectus, the company earned first and second preferred dividends by approximately twice in the first nine months of 1941. Although the outlook for the first part of 1942 is far from certain, with the price and wage ceilings causing considerable dislocation, it appears reasonable to expect that this will be confined pretty well to the first months of the year and that more normal operations will be possible later on.

Burns & Co.

Please give me some recent figures on the financial standing of Burns & Co.

Burns & Co. in 1940 had a net loss of $76,371 which compared with a loss of $139,541 in 1939 and a loss of $369,355 in the year before that. For 1941 we understand that the company met with considerably improved results with possibilities of net profit for year reaching a figure somewhere around $300,000. This improvement has been largely due to the much heavier demand for bacon for the United Kingdom, coupled with much improved supply of hogs for slaughtering in western Canada.

The company's balance sheet as at Dec. 26, 1940, last report available, shows current assets of $7 millions against current liabilities of $4.1 millions leaving working capital of $2.9 millions. This compared with working capital of $2.8 millions in 1939 and $2.5 millions in 1938.

Chief items among current assets according to the latest statement were $262,000 in cash, $1.9 millions in accounts receivable, $1.5 millions as unpaid balance under Canadian Bacon Board contract and $3.4 millions in inventories. Current liabilities were made up chiefly of $2 millions secured bank demand loans, $1 million secured bank overdraft and $860,000 accounts payable.

Howard Smith

How did Howard Smith Paper do in 1941? Is there any talk of a common dividend being paid?

Howard Smith Paper Mills Ltd. is one of the largest producers in Canada of fine papers and in addition makes pulp products and by-products for domestic and world consumption. Record activity was experienced by the company in 1941 and there seems little reason at this time to expect that earnings on the common stock will be less than the $2.23 a share reported for 1940. The company has not paid dividends on its common to date although there is talk from time to time of it starting payment.

Your Income Tax

Deadline for income tax returns is March 31, a month earlier than usual. In this weekly column, The Financial Post answers the problems you many have in computing your tax.

Depreciation on House

I own a rented frame building:

1. What percentage can I write off each year for depreciation? Does it include minor repairs upkeep, etc.

2. If painting, underpinning, etc., are renewed to do say for 10 years, do I write off this expense in one year or over 10 years?

3. Do these improvements change the amount I can write off each year?

4. What sort of improvements are considered as increasing the value of a property?

1. You are allowed to write off 5% of the net cost of the building each year for depreciation. This is allowed on all frame buildings and is recognized as an expense in earning the income from the building by rents. It would not, according to our information, include minor repairs. But these are charged off separately against income up to a certain amount.

2. Expenses of this kind, as indicated above, may be written off in the year in which incurred, as a charge against the income earned. If very heavy, they would need to be treated as alterations.

3. Minor improvements make no change in the net value of the building for depreciation.

4. Improvements which would change the valuation of the property for depreciation would include rebuilding of a part or the whole and extensive additions and replacements.

* * *

Relative Pays Board

During the past year I have been keeping in my house a relative who pays me a nominal board of $25 a month. Should I report this in my income tax return? The board I receive does not allow any margin of profit on the expense of keeping him.

While of course all your income should be reported on your income tax return, it would appear that the money your relative gives you, does nothing more than pay your out-of-pocket expenses. This being the case, you could include it in your return and then charge off your expenses incurred against it.

* * *

Husband and Wife Earning

In a case where both husband and wife are receiving incomes from work, what portion of each one's income is exempt for income tax purposes? Are there alternate methods of declaring by joint or separate statements?

What regulations regarding deductible income apply when under the above conditions the couple are married for but a portion of the year?

Husband and wife are each entitled to exemption of $750 each. The best way is for each to make a separate income tax return telling the situation. The same regulations apply even if the couple have been married only a part of the year. Each is entitled to single person's exemption only. If, however, the wife's income is less than $750 the husband may claim the $1,500 exemption of a married man.

W. E. N. BELL
Taxation & Insurance Consultant
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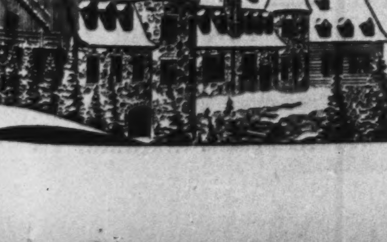

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THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including club market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JANUARY 26

Range 1941-42 High	Low	Div R'te $	Jan24 Y'ld %		Sales	Last Jan. 19	Week end. Jan. 26 H	L	Cl'se
				A					
1.15	.40	.	...	Abitibi	834	.65	.65	.40	.50
9½	4	.	...	Do. pref. 6%	232	6½	6½	6	6
15	8	.	...	Do. pref. 7%	....	(9 bid — asked)			
3	1	.	...	Acme Glove	....	(2½ bid — asked)			
60	50	6.50	10.8	Do. pref.	....	(— bid 60 asked)			
18½	15	1	6.3	Do. (B)	....	(16 bid —			
.15	.15		...	For. Pr. Secs.	....	(— bid .2			
16¾	10¾	1+25c	8	Foundation Co.	125	15¾	15¾		
14	4½	.	...	Fraser Cos.	21	9½	12		
14	5½	.	...	Do. Vot. Tr.	563	12½	12½		
.50	.50	.	...	Froiman	....	(.50 bid —			
55	41	4.50	...	Do. pref.	....	(50 bid —			
9¾	4½	70c	..	Gatineau Pwr.	590	6	6		
90	69	5	7	Do. pref.	42	72½	74		
95½	75	5.50	7.2	Do. 5½% pref.	....	(76 bid 80			

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Jan. 28, 1942

Dominion of Canada Bonds

%	Due	Bid	Ask.	Approx. Yld.
1½	May '42	100	100½	...
2	June '42	100½	100¾	...
3	Oct. '42	101½	101¾	.77
2½	June '43	101½	101¾	1.25
5	Oct. '43	105½	106	1.39
2	June '44	100¾	101½	1.46
a2½	Jan. '44	98½	98½‡	2.63
4½	Oct. '44	106¾	107½	1.74
2½	Nov. '44	101¾	102½	1.62
a2½	Aug. '45	98¾	98¾‡	2.86
a4	Oct. '45	103½	104½	b1.56
2	Mar. '45	100½	101	1.68
2	Dec. '46	99	99¾	2.14
4½	Feb. '46	109	109¾	2.02
3½	June '49	102½	103½	b2.47
3½	Oct. '49	102½	103	b2.40
3½	Nov. '51	101½	102	b2.93
3½	Feb. '52	101¾	102½	3.00
5	May '52	101½	‡101½	b1.93
4	Oct. '52	105¾	106½	b2.77
3	June '51	99½	100	3.09
3	Oct. '52	99	99½	3.05
3	June '55	99	99¾	3.02
4½	Nov. '56	106¾	107½	b2.80
4½	Nov. '57	107½	108½	b2.90
3	June '58	99½	99¾	3.02
4½	Nov. '58	108¾	109½	b2.95
4½	Nov. '59	109¾	110½	b2.99
a4	Oct. '60	105½	‡106½	b3.15
a3½	Jan. '61	98	99‡	3.32
3½	June '66	101½	102	b3.08
a3e	Jan. '67	95	96‡	3.24
a3e	Nov. '68	95	96‡	3.22
†3	Perpet'l.	93½	94½	3.17
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100½	101½	.92
2½	Jan. '46	100½	101½	1.93
3	May '44	102½	103½	1.56
3	Dec. '50	99	100	3.00
3	Feb. '53	98½	99½	3.05
3	Jan. '59	98½	99	3.08
*4½	Sept. '51	115½	116½	2.61
*4½	Feb. '56	116½	117½	2.98

%	Due	Bid	Ask.	Approx. Yld.
4½	July '57	116½	117½	3.07
4½	June '55	118	119½	2.98
5	Feb. '54	117½	118½	3.16
*5e	July '69	115	116½	b.32
*5e	Oct. '69	119	121	b2.60
*5e	Feb. '70	119	121	b2.67
Grand Trunk Pacific Rly.:				
3	Jan. '62	99½	100½	2.97
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	91½	93	3.80
3½	Aug. '49	93½	95½	3.93
3½	June '56	92½	94½	4.00
c4	Nov. '47	101	103	b3.15
c4½	Apr. '61	103½	105½	4.09
c5	Jan. '60	109	111	4.13
Nova Scotia:				
3	Jan. '52	95½	97½	3.29
3½	June '56	98	101	3.25
3½	Nov. '50	100	102	3.23
c4½	Sept. '32	106	108	b2.97
c4½	Nov. '60	110	113	3.55
c5	Mar. '60	117½	119½	3.54
Ontario:				
2½	May '45	100	101	2.20
3	Apr. '48	99½	100½	b2.93
3	Nov. '50	98½	99½	3.06
3½	Nov. '51	100	101	b3.10
3½	May '55	100	101	b3.13
*4	June '62	107	110	3.32
4½	June '50	108½	109½	3.22
*4½	Jan. '62	114	116	3.39
5	Oct. '48	110½	111½	3.11
*5	Dec. '60	120½	122½	3.38
5½	July '46	109	110½	3.01
Ont. Hydro Commission:				
3	Aug. '48	99½	100½	b2.95
3½	Feb. '53	99½	100½	b3.18
3½	Apr. '47	101½	103	2.88
Prince Edward Island:				
4	Mar. '54	100	102	3.80
Quebec:				
3	Nov. '47	97½	99	3.20
3½	Mar. '48	98½	100	3.25

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '59	98	99½	[illegible]
4	Nov. '52	102	103½	b[illegible]
3½	Feb. '55	100½	102	b[illegible]
4½	Aug. '58	104½	106½	[illegible]
4½	Jan. '63	109	111	[illegible]
Alberta:				
4	Dec. '54	56	59	[illegible]
4½	Oct. '51	67	..	[illegible]
4½	Oct. '56	61	64	[illegible]
*5	Oct. '59	64	67	[illegible]
c5½	Apr. '52	65	68	[illegible]
6	Mar. '47	70½	72½	[illegible]
British Columbia:				
c4	Dec. '57	101	103	[illegible]
*4½	Jan. '51	106	...	...
c4½	Oct. '53	106	...	...
c5	Apr. '54	111	...	...
5½	Feb. '45	103	105	[illegible]
6	Feb. '47	106	108	[illegible]
Manitoba:				
c4	Dec. '57	96	99	[illegible]
c4½	Dec. '56	98	100	[illegible]
*5	Dec. '59	99	102	[illegible]
5½	Oct. '55	98	101	[illegible]
6	Apr. '47	100	103	[illegible]
Saskatchewan:				
4	Sept. '54	76	78	[illegible]
4	Nov. '60	74	77	[illegible]
c4½	Oct. '51	87	90	[illegible]
c4½	Mar. '60	83	86	5.73
5	Aug. '58	85	88	[illegible]
5½	Oct. '52	90½	93½	[illegible]
6	Mar. '52	92	94½	[illegible]

*–Payable Can., N.Y. and £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †–Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium. ‡–N.Y. funds. ♦–Calculated to 1959 average maturity.

Unlisted Stocks

Jan. 27, 1942 — Furnished by A. J. Pattison, Jr. & Co., Toronto

Industrials:	Bid	Ask.
Acme Farm., pf.	47	..
Andian National	28	30
Anglo S. Tel., A	7½	8
Atlas Steel	19	21
Barrymore, pfd.	36	..
Brant. Roof.	2½	..
B. C. Pulp, c.	9	10
Do., pfd.	..	65
B. C. Sugar	70½	74
B. C. Tel., 1st p.	108	112
Brown, com.	1¾	1¾
Do., pfd.	27	29½
Burns & Co., A	3¾	5½
Do., B	2	3
Can. Co-op. Wl.	8	..
Can. Indust., A	155	161
Can. Ing. Rand	70	76
Can. Mot. L.A.B.	3	..
Can. Tube, 1st p	78	83
Chase, A. W., p.	17½	19½
Claude Neon, p.	2½	3½
Colonial Steam.	32	34
Copeland Fl. un.	14½	16
Colonial Realty.	2½	..
Dunlop T. p. $25	21	22½
Easy Wash. p $10	10	11½
Galt Brass, c.	9½	..
Goderich Elev.	6½	7½
Guard. Realty p	10	12½
Guelph Carp., c	16½	18
Gurney Fdry. p.	1½	1½
Hayes Steel, c.	13¾	15¾
Hi'land Dairy, p	47	50
Inglis, John	3½	4½
Ingram & Bell p	95	..
Kingst. Ship. un	36	37
Do., com.	5½	5¾
Loblaw, Inc., c	11	12¾
Minn.&Ont. P. c.	4¾	5½
M'row Screw, p.	103	105
Do., com.	13	16
Morrison Br. un	4½	6

	Bid	Ask
Moirs, Ltd.	18	21
Neilson, Wm., p.	100	..
N. Meth. Ldy., p	55	59
Ont. Tobacco, p.	18	19½
Pac. C. Term., c	..	7
Prov. Paper, pf.	100	102¾
Quinte Milk	2½	3½
Ruddy, E. L., p.	19	23
Stand. Fuel, p.	52½	56
Stedman, pf. $50	56	60
Sutton Horsley	¾	1½
Tor. Carpet, c.	50	..
Do., pfd.	67	71
Un. F. Co-op.	2¾	3½
Un. Steel, A pf.	22	23¾
Viceroy Mfg., c.	12½	..
Trusts & Loan Stocks:		
Brit. Mtge.	120	130
Brockville Tr.	42	..
Capital Tr.	29	32
Comm. Fin., c.	4½	..
Grey&Br. Tr. $50	43	..
Guaranty Trust.	100	103
Guelph & O. $50	50	53
Indust. Mtge.	24	27
Lambton Loan	30	33
Midland Loan	14	16
Premier Trust	36	42
Sherbrooke Tr.	120	..
Sterling Trust	51	56
Th. Can. Inv. Tr.	1¾	..
Traders Fin. A c	3	5
Do., A pfd.	67	71
Trusts&Gr. new	36½	40
Victoria Trust	70	75
Waterloo Trust	99	..
Insurance Stocks:		
Canada Life	365	380
Brit. Amer.	50	52½
Canadian Fire	80	82
Confed. 30% pd.	125	135

	Bid	Ask.
Cons. Fire Cas.	3¾	..
Continental L.	34	38
Crown, fully pd.	265	285
Dominion Fire	136	143
D. of Can. Gen.	110	120
Empire, 25% pd.	5	6
Excelsior 38% pd	71	73
Great-West Life.	195	205
Federal, 25% pd.	52½	56
Halifax Fire	17	18
Imperial Life	260	280
Manufac. Life	215	222
Monarch Life	32½	34½
National Life	10	16
Sov. L. 25% pd.	12¾	..
Sun Life	290	300
Tor. General	4½	5
Wellington Fire.	58	..
Western Assce.	40	43
Theatre Stocks:		
Allen's, St. Cath., units	51	..
Loew's London p	2½	3½
Mansf. Theat. p	29½	32
Para., Kitch., p.	50	..
Do., Oshawa, c	7½	9½
Investment Trust Shares:		
Can. Investors	5	6
Inv. Found. un.	43	44½
Sec's. Hold., pf.	17	20
United Corp., A	18½	21
Do., B	4¾	5½
Power Issues:		
Can. W. N. Gas	25	27
Do., pfd.	102	..
Gt. Lakes Pr., p.	102½	105
Int. Util. $1.75 p	8½	14
Do., $3.50 pf.	29	..
Mtl. Isl. Pwr. p.	40	..
Nor. Ont. Pr. p.	71	73

Unlisted Mines

Toronto, Jan. 27, 1942

	Bid	Ask
Albany R (Old)	.03	.05
(New)	.08	.10
Amal Kirk	.05	.06
Anoki	.03	.04
Aquarius	.24	.27
Arjon	.03½	.04½
Armistice	.06½	..
Argosy	.05	.08
Area	.02½	.03
Athona (Old)	.00½	.02
(New)	.01	.02
Barb Lard	.03	.04
Brock	.05	.07
Calder Bo	.02	.03
Can Rad	.08	.09½
Central M	.02	.02½
Cheminis	.03½	.04
Coin Lake	.02	.02½
Cons Chib	.04	.06
Croscourt	.02	.04
Dayton	..	.01½
Delpine	.04	.05½
Desantis (New)	.08	..
Demp Cad	.00½	.00¾
Dona Pat	.01	.01½
Eastward	.08	..
Elmos	.06	..
Franco	.25	.30
Galore	.00½	.01½
Goodrock	.17½	.19½
Gilbec	..	.01½
Hayes Cad	.03	.03½
Hoyle new	.11	.13
Hugh PaP	.03	..
Hutch Lke	.01	.01¾
Keora	.00½	.01½
Kewagama	.01	.03
Kiena	.01	.03
Kirk Gate	.00¾	.01½
Kirk Town	.07	.08½
Lacoma	.00½	.01½
Laguerre	.08	.13
Lake Duf	.13½	.15½
Lake Gen	.06	.08
Largold	..	.20
Lw Pete	.07	..
Lunward	.15	.18
Magnet C.	.50	.54
Magnet L	.10	..
Marbenor	.23	.25
Martin Bir	.01½	.02½
Mata Can	.02	.03
Mata Con	.13	.16
McMar'ac	.18	.23
Mof Hal n	.01	.02
Mooshla	.00¾	.02
Mosher	.07	.09
McManus	.01½	.02½
Nat Mal	.33	.35
Nickel O	1.50	1.75
Norbeau	..	.15
Northland (1940)	..	.03
Norwin	..	.04
New Mal	..	.17
Newbec	..	.01½
N Ribago	.00½	.01
Numalake	.10	.15
Oklend	.03¾	.04¾
O'Leary M	.04	.04½
Opemiska	.04	.08
Orpit	.04½	.06
Ossian	.00½	.01
Pascalis	.18	.22
Pelangio	.01½	.02½
Pontiac R (Old)	.02	.04
Polaris	.02	.05
Propri'y	3.90	4.15
Presdor	.04½	.06
Queb Mn	.15½	.17
Rahn Lke	.00¾	.01½
Rand Ml	.13	.15
Red Lake	.01	.02
Ritoria	.01¾	.02½
Rouge	.01	.03
S.A.G.A.	..	1.00
Senore	.01½	.03
Sepha	..	.13
Shenango (New)	..	.16
Sheldon	.03½	.05
Skynner	.01¾	.03
Smelters	..	.01
Springer	.14	.16
Stadacona	.06	.10
Thomson	.13	.15
Tobico	..	.06
Union Mn	.02¾	.03½
Wesley	.01½	.03
Y David'n	.20	.23

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Jan. 27, 1942

Public Utility Issues:	Int. Rate %	Due	Bid Jan. 27	Asked	Bid Jan. 20
▲†Alg. C. H.B.R.	5	'59	9½	11½	9½
†Assoc. Tel. & T.	5½	'55	67	70	66
B. C. Power	4½	'60	99	101	99
B. C. Tel.	4½	'61	105	107	105

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & McDonnell, Toronto)

Jan. 27, 1942

Miscellaneous Stocks:	Bid Jan. 27	Ask.	Bid Jan. 20
†Allens Tor. Th., p.	32	35	32½
Atlas Steels, 7% pfd.	105	106½	105
Brinton Peterboro Cpt.	40	..	39½

Mining Stocks

Vancouver Stocks

Oil Stocks

Oil Quotations

Par Val.	Range 1941-42 High	Low	Company	Sales	Close Jan. 19 (or last)	High for week	Low for week	Close Jan. 26
No	.04½	.03	Vanalta	......	(.03½ bid		.... asked)	
1	.38½	.20	Vulcan	100	.20	.20	.20	.20

* Quotations for 1940.

Winnipeg Stocks

(Transactions from Jan. 19 to Jan. 24)

	Sales	High for period	Low for period	Close Jan. 24
Beaver Lumber, c.	50	3.00	3.00	3.00
Central Manitoba	2,000	.02⅛	.02⅛	.02⅛
Flin Flon Gold	20,000	.00⅝	.00⅝	.00⅝
Forty Four	566	.15	.15	.15
Traders' Building	5	45.00	45.00	45.00
United Grain Growers	23	12.00	11.00	11.00
Western Steel Prod.	115	10.00	9.25	10.00

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Fed. Grain, pf.	..	38
Beav. Lumber, p	103	..	Grouped Inc.	..	4½
Can. Indemnity.	150	..	Home Invest.	16¼	..
Can. Airways	1	..	Nor. C. Mtge. un	5⅛	..
Corr. P. Box	.60	..	Nor. Mtge.	1	..
Cres. Cream., p.	..	15	Nor. Trusts	..	7½
Dom. Envelope	..	9½	West. Brew.	1¾	2⅛
Dom. Envelope p	96	99½	West. Grain, p.	..	5½
Fed. Grain, c.	.35	1.25			

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Jan. 27	7,500	9,900	121,000	......
Jan. 26	5,600	6,600	144,000	6,370
Jan. 24	4,500	3,700	75,000	12,312
Jan. 23	11,300	4,300	171,000	34,802
Jan. 22	5,600	10,400	145,000	25,200
Jan. 21	8,800	1,300	121,000	27,750

Annual Meetings

Company	Place
4—Tor. Gen. Trusts	Toronto
5—Barcelona Traction	Toronto
5—Fed. Fire Insur.*	Toronto
5—Mutual Life Assur.	Waterloo
5—Wellington Fire*	Toronto
9—Consol. Fire & Casualty*	Toronto
9—London-Canada Ins.	Toronto
10—Candn. Indemnity	Winnipeg
11—Ont. Loan & Deb.	London
11—Tor. Mortgage	Toronto
12—Canada Bud Brew.	Toronto
12—Dominion Bridge	Montreal
16—Belding-Corticelli	Montreal

*Special.

Mining Dividends

	Rate	Jan. 26	Yield %
...Huronian	▲10c	2.30	..
...s Interests	†4c	.35	..
...or Gold	16c	1.40	11.4
...eaune	†1c	.04	..
...tie Gold	16c	.90	17.8
...ens River	†3c	1.00	..
...lorne	80c+40c	9.00	*13.3
...lan Porc.	12c	.56	21.4
...alo Ankerite	▲30c	2.50	..
...lolo Gold	$3	8.00	..
... Malartic	8c	.44	18.1
...iboo Gold	16c+8c	1.70	*14.1
...tral Patricia	16c+6c	1.15	$19.1
...sterville	15c	1.31	..
...enour Willans	6c	.56	10.7
...iagas	▲17½c	1.25	..
...niaurum	16c	.85	18.8
... Smelters	$1+$1.50	39.00	*6.4
...nite	▲6c	.60	..
...e Mines	$2	16.63	12.1
... Malartic	▲20c	2.15	..
...onbridge	20c	3.50	..
...coeur Gold	▲4c	.35	..
... Belt	▲2c	.13	..
...dview	▲1½c	.15	..
...ll Wihksne	†½c	.03	..
...linor	60c	2.50	24
...d Rock	▲8c	.49	..
...ley Mascot	8c	.35	22.8
...linger	65c+45c	9.70	*11.3
...wey Gold	▲4c	.19	..
...son Bay	$2	26.75	7.5
...piration	†2c	.27½	..
...r. Nickel, com.	$2	34.12	5.9
...nd Mountain	▲18c	1.02	..
...en	4c	.29	..
...r-Addison	▲35c	3.95	..
...r Lake	5c	.23	..
...rkland Lake	10c+1c	.62	*17.7
...tenay Belle	▲8c	.16	..
...maque Gold	40c+15c	4.00	*13.7
...e Shore	$1.40	11.00	12.7
...ch	8c	.42	19
...le Long Lac	▲20c	1.30	..
...ssa	32c+3c	2.85	*12.3
...sen R. Lake	▲3c	.48	..
...artic Gold	10c	2.06	..
...Gillivray Coal	2c	.22½	..
...Kenzie Red L.	12c	.93	12.9
...eta	8c	.27	..
...ntyre-Porc.	$2.22+$1.11	41.12	*8
...Leod-Cockshutt	10c	1.56	..
...bob Gold	4c	.21	..
...us	7½c	.48	..
...issing	15c	1.00	15
...anda	$4	48.50	8.2
...th Empire	▲40c	3.75	..
...rien Gold	10c	.85	..
...mour Porc.	18c	.84	..
... Cons.	20c+2c	2.75	*8
...d Oreille	†6c	1.65	..
...ron Gold	16c+9c	1.28	*19.5
...neer, B.C.	40c	1.93	20.7
...ie Crow	40c	2.27	17.6
...er Develop.	$1.20	8.37	14.4
...nier	11c	.59	18.6
...ton E. Dome	20c+10c	3.05	*9.8
...ateer Mines	12c+4c	.45	..
...bec Gold	2c	.30	..
... Antonio	14c+6	1.85	*10.8
...p Creek	16c+1c	.75	*22.6
...ritt Gordon	10c	.88	..
...na Mines	▲30c	5.75	..
...k Premier	16c	.71	22.5
...e	▲8½c	.45	..
...geon River	4c	.10½	..
...bury Basin	▲5c	1.40	..
...ivan Cons.	▲8c	.58	..
... Inlet	▲2c	.07½	..
...anite Gold	28c	1.93	14.5
...-Hughes	40c	2.25	17.7
...urn	12c+6c	1.03	*17.5
...er Canada	▲14c	1.12	..
...tures	▲20c	3.50	..
...le Amulet	40c	4.50	..
...digo	3c	.13½	..
...ght-Harg.	40c+20c	2.65	*22.6
... Yankee	2c	.03¼	..

...aid in 1941. *Yield including bonus. ...nitial.

Dividends Declared

	This payment	Date payable	Date of record
...& Wiborg, p.	$1.37½	Feb. 2	Jan. 15
...lo Can. Tel., p	68¾c	Feb. 2	Jan. 15
... Steels	15c	Feb. 1	Jan. 16
...ew Surpass	40c	Mar. 2	Feb. 16
..., pref.	$1.75	Apr. 1	Mar. 16
...minium	$2	Mar. 5	Feb. 13
..., pref.	†$1.50	Mar. 1	Feb. 6
...or Gold	4c	Mar. 3	Feb. 14
...k of Montreal	$2	Mar. 2	Jan. 31
...ding-Cort., ext.	▪$2	Mar. 2	Feb. 14
... Ribbon, pfd.	62½c	Feb. 2	Jan. 21
...tty Bros., 1st pf.	$1.50	Feb. 2	Jan. 15
...C. Packers	°$1.50	Mar. 16	Feb. 28
...k of Toronto	$2.50	Mar. 2	Feb. 14
...onne Cons. M.	°1c	Jan. 30	Jan. 15
...hurst P & P., A	25c	Mar. 2	Feb. 13
...tram & Sons	15c	Feb. 15	Jan. 31
...o., extra	5c	Feb. 15	Jan. 31
...C. Tele., 2nd pf.	$1.50	Feb. 1	Jan. 17
...ary Power, p.	$1.50	Feb. 2	Jan. 15
...ada Vinegars	10c	Mar. 2	Feb. 14
... Wire & C., A	$1	Mar. 15	Feb. 28
Do., B	.50c	Mar. 15	Feb. 28
Do., pref.	$1.62½	Mar. 15	Feb. 28
... Pac. Rly. pfd.	2%	Feb. 1	Jan. 1
... Bronze	37½c	Feb. 2	Jan. 9
Do., extra	50c	Feb. 2	Jan. 9
Do., pref.	$1.25	Feb. 2	Jan. 9
... & For. Secs.	6c	Feb. 2	Jan. 16
...mand Oils	2c	Jan. 30	Jan. 10
... South. Rly.	$1.50	Feb. 2	Dec. 22
... Bk. of Comm.	$2	Feb. 2	Dec. 31
... Cel., inc. fd. rts.	$1	Mar. 17	Dec. 31
...kshutt Plow	25c	June 18	June 4
... Converters	50c	Jan. 31	Dec. 31
...ital Trust	$1	Mar. 1	Dec. 13
...st Brew.	3c	Feb. 2	Jan. 15
... Investors	10c	Feb. 1	Jan. 17
...nadian Oil, c.	25c	Feb. 16	Jan. 31
...ldwell Linen 1st p	°38c	Feb. 1	Jan. 15
Do., 2nd pref.	°20c	Feb. 1	Jan. 15
...mm'wealth Intl.	4c	Feb. 16	Jan. 15
...nduits National	25c	Feb. 2	Jan. 24
... Breweries, pfd.	75c	Apr. 1	Mar. 16
...rr. Pap. Box., pf.	$1.75	Mar. 2	Feb. 16
...emos Imp. Mills	30c	Feb. 14	Jan. 31
Do., extra	15c	Feb. 14	Jan. 31
... Bakeries, p.	$1.25	Mar. 2	Feb. 19
...niagas Mines	10c	Feb. 26	Feb. 10
...m. Bridge	30c	Feb. 25	Jan. 31
...m. Envelope, pf.	$1.75	Mar. 1	Feb. 20
...m. Corp. Seag. p	†$1.25	Feb. 2	Jan. 20
...m. Oilcloth	30c	Jan. 30	Jan. 15
Do., extra	10c	Jan. 30	Jan. 15
...m. Scot Inv., p.	▪50c	Mar. 2	Feb. 20
...ominion Tar. pf.	$1.37½	Feb. 2	Jan. 16
...ominion Bank	$2.50	Feb. 2	Jan. 15
...t. Steel, c.	$1	Feb. 2	Jan. 15
Do.	25c	Mar. 2	Feb. 16
...rmers' Tele.	63c	Jan. 30	Dec. 31
...ull-Wihksne G.	▪°½c	Jan. 30	Jan. 15
...anby El. Web., p.	69c	Feb. 1	Jan. 15
...anby Cons. M.	†15c	Mar. 2	Feb. 13
Do., extra	†5c	Mar. 2	Feb. 13
...andview Mines	1c	Feb. 15	Jan. 20
...dley Mascot G.	2c	Feb. 16	Jan. 24
...d. El. Sec., B p.	25c	Feb. 1	Jan. 15
...er. Utilities, p	▲†87½c	Feb. 1	Jan. 20
...er. Nickel, pref.	†$1.75	Feb. 2	Jan. 3
...er. Metal, pfd.	$1.50	Feb. 2	Jan. 16
Do., pref. A	$1.50	Feb. 2	Jan. 16
...perial Bank	$2.50	Feb. 2	Dec. 31
...rr Addison	5c	Feb. 28	Feb. 10
...maque Gold	▪10c+5c	Feb. 2	Jan. 9
...ura Secord	20c	Mar. 2	Feb. 15
...tch Gold	2c	Feb. 16	Jan. 31
...blaw Groc., A, B	25c	Mar. 2	Feb. 10
...ntyre Porc.	55½c	Mar. 2	Feb. 2
...ontreal L. H. & P.	38c	Jan. 31	Dec. 31
...lchers Dist., pfd.	30c	Feb. 16	Feb. 2
...ge. Corp., N.S.	$1.25	Feb. 2	Jan. 24
...mans	75c	Feb. 16	Feb. 5
Do., pref.	$1.50	Feb. 2	Jan. 21
...wer Corp.	▪15c	Feb. 2	Dec. 31
...ebec Power	25c	Feb. 25	Jan. 26
...vateer Mine	3c	Feb. 10	Jan. 25
Do., extra	1c	Feb. 10	Jan. 25
...prietary Mines	5c	Feb. 28	Feb. 14
...lland Paper, c.	15c	Feb. 13	Feb. 3
Do., special	15c	Feb. 14	Feb. 4
...lland Paper, pfd.	$1.50	Mar. 2	Feb. 14
...al Bank	$2	Mar. 2	Jan. 31
...al Trust	80c	Feb. 2	Jan. 20
...th Can. Pwr.	20c	Feb. 16	Jan. 31
...awinigan W.	23c	Feb. 25	Jan. 26
...el of Can.	75c	Feb. 2	Jan. 7
Do., pref.	75c	Feb. 2	Jan. 7
...-Williams, c.	15c	Feb. 2	Jan. 15
...uenay Pwr, p.	$1.37½	Feb. 1	Jan. 15
... Law. Flour	35c	Feb. 2	Jan. 20
Do., pref.	$1.75	Feb. 2	Jan. 20
...nd. Chemical	50c	Jan. 31	Dec. 31
...mpsons, pref.	$1.62½	Feb. 2	Jan. 23
...set Oils	1½c	Mar. 16	Mar. 5
...ck-Hughes	▪10c	Feb. 2	Jan. 9
...burn Gold	3c	Feb. 23	Jan. 22
Do., extra	1c	Feb. 23	Jan. 22
...ited Corp., A	38c	Feb. 16	Jan. 15
...lker-Good.	$1	Mar. 16	Feb. 20
Do., pref.	25c	Mar. 16	Feb. 20
...ston, Geo., pref.	$1.25	Feb. 2	Jan. 15
...od, A. J., p.	$1.75	Feb. 1	Jan. 15
...ler's	20c	Jan. 31	Jan. 15
Do., pref.	37½c	Jan. 31	Jan. 15

°Payable in U. S. funds. †Subject to approval of Foreign Exchange Control Board. *Initial. ▪Subject to approval of S.E.C.

BELL STOCK ISSUED

Bell Telephone Co. of Canada has advised the Montreal Stock Exchange that 880 shares of the company's capital stock have been issued in connection with the employees' stock plan, making the total number of shares outstanding ...,294.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 318

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after MONDAY, the SECOND day of MARCH next, to Shareholders of record at close of business on 31st January, 1942.

By Order of the Board.

JACKSON DODDS, General Manager. G. W. SPINNEY, General Manager.

Montreal, 20th January, 1942.

LOBLAW GROCETERIAS CO. LIMITED

NOTICE is hereby given that a quarterly dividend of 25 cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share on the Class "B" shares of the Company have been declared for the quarter ending February 28th, 1942, payable on the 2nd day of March, 1942, to shareholders of record at the close of business on the 10th day of February, 1942. The transfer books will not be closed. Payment will be made in Canadian funds.

By Order of the Board.

R. G. MEECH, Secretary.

Toronto, January 22nd, 1942.

The Royal Bank of Canada

DIVIDEND NO. 218

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Monday, the second day of March next, to shareholders of record at the close of business on the 31st day of January, 1942.

By order of the Board.

S. G. DOBSON, General Manager.

Montreal, Que., January 13, 1942.

The Dominion Bank

Dividend No. 237

Notice is hereby given that a dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st January, 1942. The dividend will be payable at the Head Office of the Bank and its Branches on and after Monday, the 2nd day of February, 1942, to shareholders of record of the 15th January, 1942.

By Order of the Board.

ROBERT RAE, General Manager.

Toronto, 11th December, 1941.

British Columbia Packers Ltd.

Notice is hereby given that subject to the necessary approval being obtained from the Foreign Exchange Control Board the Directors of British Columbia Packers Limited have declared a dividend of one dollar and fifty cents ($1.50) per share, payable by cheque to be issued at Vancouver on 16th March, 1942, to shareholders of record at the close of business on February 28th, 1942. Shareholders holding certificates in street form are requested to surrender such certificates to the Company's Transfer Agents, the London and Western Trusts Company Limited, at its office in Toronto or Vancouver, or the Chartered Trust and Executor Company at its Montreal office, so that they may become registered as the owner of such shares before 28th February, 1942. Dated at Vancouver, B.C., this 30th day of December, 1941.

By Order of the Board.

A. HAMILTON, Secretary.

The Corrugated Paper Box Company, Limited

Preferred Stock Dividend No. 28

Notice is hereby given that a dividend of 1¾% has been declared on the Preferred Stock of the Company, payable on the 2nd day of March, 1942, to shareholders of record at the close of business on the 16th day of February, 1942.

Dated the 22nd day of January, 1942.

J. A. WHEALY, Secretary.

Belding-Corticelli Limited

The Annual General Meeting of the Shareholders of Belding-Corticelli Limited, will be held at 1455 Shearer Street, on Monday, the 16th day of February, 1942, at 12 o'clock noon, for the reception of the Annual Report, transaction of general business of the Company, and the election of Directors.

By Order of the Board,

D. F. POLLOCK, Secretary.

Belding-Corticelli Limited

NOTICE OF COMMON STOCK EXTRA DIVIDEND

An extra dividend of two per cent (2%) has been declared on the Common Stock of this Company, for the year ended November 30th, 1941.

The above dividend is payable on the 2nd day of March, 1942, to Shareholders of record at the close of business the 14th day of February, 1942.

By Order of the Board,

D. F. POLLOCK, Secretary.

Subject to the approval of the Foreign Exchange Control Board.

AUNOR GOLD MINES LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of Four (4c) Cents per share, payable in Canadian Funds, has been declared by the Directors of AUNOR GOLD MINES LIMITED, payable March 3rd, 1942, to shareholders of record at the close of business February 14th, 1942.

By order of the Board.

J. R. BRADFIELD, Secretary.

Toronto, January 28th, 1942.

Higher Wheat Price Is "Taken For Granted"

From Our Own Correspondent

OTTAWA.—A substantially higher price for wheat at the present session of parliament is taken for granted in informed circles here. At the first of the week, wheat in Winnipeg was quoted at a fraction of a cent below what is deemed to be the "unofficial" ceiling price of 82¾ cents per bushel. If the price were to break through the unannounced "ceiling" it is expected that some immediate statement might be made even though details of the final deal for western wheat farmers in 1942 remain to be settled.

Chief difficulty arising from discussions here seems to be the finding of some satisfactory formula whereby wheat prices can be raised without diverting too much land, now in summer fallow or coarse grains, into wheat. Additional control measures over and above a general price adjustment are thought essential once the decision has been made to meet the wide demand for a higher wheat price.

Apparently the taxpayer at large is to have little opportunity to resist this demand. Some 400 wheat farmers are converging on Ottawa in a few days and official representations are being made from all organized groups to the effect that present pegged prices are below the cost of production and that some relief must be forthcoming.

Taxpayer relief will be found chiefly in the fact that there seems no present disposition to superimpose a new higher wheat price on top of present liberal bonus payments of various kinds for which wheat growers are eligible.

Company Reports

Canada Trust

Canada Trust Co., London, Ont., in 1941 had net profit of $88,462 or $8.84 a share as compared with $106,804 or $10.68 a share in 1940. During the year dividends of $6 a share were paid against $8 in the previous year.

Estates under management by this subsidiary of Huron & Erie Mortgage Corp. advanced $0.8 millions during the year to total $28.9 millions.

The guaranteed trust account shows a decline of some $150,000 to $7.5 millions for the amount deposited and invested by the public in guaranteed trust and deposit certificates.

Annual meeting of the company will be held at the head office in London, Feb. 11.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	130,484	133,106
Less: Dom. & prov. taxes	39,237	25,531
Munic. taxes	2,785	2,771
Net profit	88,462	106,804
Less: Dividends	60,000	80,000
Surplus for year	28,462	26,804
Add: Prev. surplus	68,375	62,421
Less: Tsf. pens. fund	22,566	19,500
War charities	2,500	1,350
Surplus forward	71,771	68,375
Earnings per Share:		
Earned	$8.84	$10.68
Paid	6.00	8.00

Creditors' Position
As at Dec. 31

	1941	1940
Trust funds & int.	7,498,652	7,651,054
Secured by:		
Liquid assets	1,761,473	1,649,849
Mortgages & int.	5,661,923	6,001,205
Other net assets*	1,671,771	1,668,375
	9,095,167	9,319,429
Estates, etc.	28,932,184	28,186,385

*After deducting dividends payable, provision for taxes and pension fund.

Huron & Erie Mtge.

Net profits of Huron & Erie Mortgage Corp. receded moderately in 1941 to equal $4.95 a share as compared with $5.11 a share in 1940.

Sterling debentures were reduced by over $1 millions on the year due to the repayment in 1941 of all maturing debentures issued in sterling currency. Savings deposits at $9.8 millions were down only slightly although heavy withdrawals for investment in War Loans were made.

Holdings of cash along with Dominion and Provincial bonds amount to over $5.6 millions, or 57% of savings deposits as compared with 54% a year ago.

Taxes applicable for 1941 were fully paid while tax reserve was increased by $11,000 to $100,000. From this reserve adjustments for 1941 taxes and payments applicable on 1942 operations can be met.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	295,973	318,675
Less: Dom. & prov. taxes	35,111	50,306
Munic. taxes	13,016	12,909
Net profit	247,846	255,460
Less: Dividends	200,000	200,000
Surplus for year	47,846	55,460
Add: Prev. surplus	153,958	100,748
Less: War charities	4,500	2,250
Surplus forward	197,304	153,958
Earnings per Share:		
Earned	$4.95	$5.11
Paid	4.00	4.00

Liabilities to Public
As at Dec. 31

	1941 $	1940 $
Debentures	25,227,791	26,235,444
Deposits	9,841,442	9,960,569
Interest	254,178	267,203
	35,323,411	36,463,216
Secured by:		
Liquid assets	6,186,974	5,887,037
Mtges., etc., & int.	30,860,329	32,159,664
Other net assets*	5,073,412	5,070,474
	42,120,715	43,117,175

*Including stock of Canada Trust Co. carried at $1,556,680; unrealized assets of the People's Loan and Savings Corp. carried at $729,407 in 1941, $795,251 in 1940.

Crown Trust

Due to a 40% increase in taxes during 1941, net profits of Crown Trust Co. declined during the year to $40,853 or $4.08 per share from the 1940 level of $44,041 or $4.40 a share.

Estates, trust and agency account of the company reached a new high figure at $39.8 millions, up $2.6 millions from a year ago.

Referring to the growth in the Estates and Trust department, R. W. Steele, president, expresses the opinion that the day of the very large estate is gone and henceforth trust companies will have to rely on the handling of a greater number of smaller estates.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	74,801	67,693
Less: Taxes	33,948	23,652
Net profit	40,853	44,041
Less: Dividends	40,000	40,000
Surplus for year	853	4,041
Add: Prev. surplus	48,804	44,763
Surplus forward	49,656	48,804
Earnings per Share:		
Earned	$4.08	$4.40
Paid	4.00	4.00

Creditors' Position

	1941 $	1940 $
Funds for investment	1,466,419	1,667,280
Secured by:		
Liquid assets	1,199,254	1,365,254
Mtges. & int.	267,165	302,026
Other net assets	1,449,657	1,448,004
	2,916,076	3,116,084
Estates, etc.	39,882,531	37,204,525

Excelsior Life

Features of the annual report of the Excelsior Life Insurance Co. for the year ended Dec. 31, 1941, were:

New insurance amounting to $14 millions.

Insurance in force of $122 millions.

A new high record in income for the year.

New insurance written during the year including revivals was more than $1.1 million over the total for the previous year. Insurance in force at Dec. 31 was reported by Alex. Fasken, president, as $5.8 millions higher than at the end of 1940. Mortality experience was favorable while policy surrenders were lower. These factors as well as the larger sales helped to swell business in force.

Income from all sources was stated to be the highest in the history of the company at $4.3 millions. Of this $3.2 millions was net premium income and consideration for annuities.

Of the total policy payments of over $2 millions, almost 68% went to policyholders themselves during the year. Death claims were about 32%.

The rate of interest earned during the year was 4.53% against 4.56% in 1940.

Chief Items in Statement

	1941 $	1940 $
New insurance	14,366,202	13,202,156
Insur. in force	122,264,696	116,414,086
Total receipts	4,300,499	4,129,046
Prem. income	3,247,650	3,096,099
Interest, rents, etc.	1,052,849	1,032,947
Policy payments	2,087,650	2,150,977
Death claims	670,531	558,175
Surr. policies	723,849	772,497
Total assets	26,130,570	24,818,436
Bonds & debs.	16,805,231	15,076,972
Mortgages	2,937,335	3,152,037
Policy loans	2,968,149	3,109,055
Policy reserves	22,276,453	21,140,375
Unallotted surplus	1,066,381	1,063,445

Crown Life

The annual report of the Crown Life Insurance Co. for the year ended Dec. 31, 1941, shows:

Insurance in force up $18 millions.

New insurance issued $2.9 millions higher.

An increase of $5.2 millions in total assets.

The gain in insurance in force brought the total to a new high record at $251 millions marking a milestone in the company's history. New policies issued were $34.9 millions against $32 millions in the previous year. The figures include income bonds.

Total receipts rose almost $1 million to $10.7 millions. Of this total, premiums accounted for $7.9 millions $400,000 more than in the previous year, while investment income from interest and dividends was also up substantially.

Policy payments were approximately $10,000 higher than in 1940. They included $67,311 paid on 43 war claims some of which contained the war clause. The mortality rate, including the war claims, is stated to have been favorable.

Factors contributing to the increase of $5 millions in total assets were increased holdings of government bonds, with smaller increases in mortgages, other bonds and stocks.

Payment of interest on mortgages exceeded the amount due.

Free surplus at over $2 millions is the highest in the history of the company.

	1941 $	1940 $
New insurance	34,976,080	32,043,318
Insur. in force	251,326,113	233,154,019
Total income	10,774,769	9,867,309
Premiums	7,992,028	7,509,430
Int., divids.	1,934,487	1,751,562
Policy payments	3,516,018	3,505,772
Death clms., etc.	1,255,445	1,160,103
Matured & surr.	1,311,716	1,437,461
Dividends	353,494	350,733
Assets	48,163,679	42,906,745
Govt & munic. bonds	17,535,743	15,123,233
Other bonds	6,614,266	5,792,001
Stocks	2,752,494	2,195,903
Mortgages	12,083,102	11,045,126
Policy loans	4,843,354	4,801,200
Policy reserves	41,428,477	37,356,963
Surplus	2,037,317	1,883,835

Dominion Life

According to preliminary figures released by the Dominion Life Assurance Co. of Waterloo, Ont., the company in 1941 showed:

An increase of 20% in new business.

Insurance in force up $8 millions.

An increase of $2.7 millions in assets.

New business placed during the year amounted to approximately $19 millions, a gain of 20%. Total insurance in force at Dec. 31 was $196.7 millions.

Total income during the year was $8.6 millions, up $460,000 from the preceding year, while policy payments were slightly lower at $3.4 millions. Of this 69% was paid to living policyholders.

Total assets rose $2.7 millions to $49.2 millions. The company has made an investment in war loans of over $4.3 millions to date and according to Ford S. Kumpf, president and managing director, this sum will be augmented by several millions when the new Victory Loan is launched shortly.

	1941 $	1940 $
Insurance in force	196,711,244	188,368,428
Total income	8,621,861	8,160,164
Policy payments	3,385,029	3,545,498
Assets	[illegible]	[illegible]

Week in Wheat

Right Wheat Output A Delicate Balance

From Our Own Correspondent

OTTAWA.—Recent discussions of wheat have tended to be centred on the guaranteed price per bushel to western farmers. But, in the eyes of some of those at the capital who have been struggling with wheat questions, price per bushel is only one aspect, and not the most important one of the wheat situation. More fundamental are questions as to what direction, if any, should be given to western agricultural production for the coming year, and what measures, if any, are required to see that agriculture gets a sufficient income for its maintenance.

* * *

Changing Thought

A year ago emphasis in Ottawa thinking was all on the question of reducing wheat production. Size of the wheat carry-over; the fact that elevator space in Canada was congested with wheat, and the fact that no one could envisage at that time enlarged outlets for Canadian wheat, all insured that the wheat policy for 1941-42 should be directed first to cutting down wheat acreage. Only after such steps were designed did other aspects of the problem come under review.

Characteristic of the situation was issuance of a government pamphlet, which, much to the annoyance of many western farmers, urged them to help win the war by growing less wheat.

Western farmers did cut down their acreage, in response both to payments per acre for putting former wheat land into summer fallow or other crops, and because they were told that they would be allowed to sell in the west only 222 millions bushels of 1941 wheat. Reduction was aided by very unfavorable weather. Exports for the past 12 months have been higher than anticipated, feeding of wheat to livestock has been much increased, and the country is going to have considerably less wheat on hand at the end of next July than was the case at the end of the previous crop year. Moreover, prospective future requirements for wheat have been much increased by the course of the war, and particularly by the devastation in Russia. Moreover, we are at least one year nearer the end of the war, and the time when European reconstruction will have to begin on the basis of North American food.

* * *

Anything But Wheat

Reduction in wheat production is not therefore, considered a primary objective. Instead emphasis is on the fact that increased production of almost every other farm commodity is required, under conditions of labor shortage which make it difficult to achieve increased production.

Wheat Board Deficit Seen Inconclusive

From Our Own Correspondent

WINNIPEG.—Annual report of the Canadian Wheat Board for the crop year 1940-41, just published, shows a deficit for the year, on account of handling the 1940-41 wheat crop, of $4.443 millions. However, as at July 31, 1941 the Board still had on hand more than 285 million bushels of wheat of that crop, out of 395 million bushels delivered to it by farmers. Thus with nearly 75% of the year's crop still to be sold, results obtained are not conclusive as to final results.

The latest crop to be completely disposed of as at July 31, 1941, was that of 1938, on which the Wheat Board records a deficit of $61 millions. On that crop it will be remembered, initial payments to farmers were based on 80 cents a bushel for No. 1 Northern wheat at the head of the lakes or at Vancouver, as against 70 cents a bushel which applied for the crops of the two following years.

For the 1939 crop the recorded deficit is slightly over $14 millions. That is not a complete account, as something over 10% on a value basis remained unsold.

Two Main Transactions

Sales made by the Board in the 12 months reported on were almost entirely confined to two large transactions with the United Kingdom. One, completed in August, 1940, was for 100 million bushels, the other in May, 1941, for 120 million bushels. The open market continued to function during the year, but the Board evidently left its demands, during the greater part of the year, to be satisfied by the 60 million bushels of wheat which were marketed by farmers outside of the Board. The report records, however, that when a market advance took place in the period from July 23 to 31, 1941, the Board took advantage of the opportunity to sell 1.3 million bushels of wheat. This statement confirms opinions previously expressed by observers, which had credited the Board with remaining aloof from the market until late in July.

Orange Crush To Show Loss

Sales Better Recently On Recovery From Price Increase Shock

Sales of Orange Crush Ltd. in the fiscal year ended Oct. 31, 1941, suffered materially from the federal tax imposed last May which had the effect of increasing the retail price of Orange Crush to 6 cents from 5 cents a bottle. As a result, the company operated at a loss during the fiscal year. In the 1940 year Orange Crush had an operating profit of $77,449 and a net profit of $41,016. This equalled $1.37 a preferred share and 41 cents a common share.

However, The Financial Post understands, company sales recently have shown an improved tendency with a recovery being staged from the shock of the price increase. What the effect of sugar rationing may be cannot be foretold at this stage.

The recent sale by Orange Crush of $100,000 5% serial first mortgage bonds was for the purpose of replenishing working capital and was not necessitated by any expansion in the company's business, it is officially stated. This statement corrects the report contained in the publicity issued on behalf of the company in connection with the bond sale in early January, which stated that expansion requirements made the bond sale necessary.

Guysborough Profits Higher Last Quarter

Reflecting increased production, Guysborough Mines reported an increase in net profit to $9,844 in the three months ended Dec. 31, 1941 compared with $1,619 the preceding three months.

Output in the December quarter was $47,576 from 6,651 tons of ore compared with $31,784 from 5,992 tons of ore the previous quarter. Expenditures on exploration with comparative figures for the previous quarter are as follows:

Expenditures
Quarter Ended

	Dec. 31 1941 $	Sept. 30 1940 $
Lake Charlotte option	92	3,741
Fluker property	236	......
Indian Path	2,500	7,363
Miller Lake	3,310	......
St. Stephen nickel	1,529	......
Georgia property	......	7,902

Commodities

Farm Products Tend Higher

Proposed U. S. Ceilings Well Above Current Level of Quotations

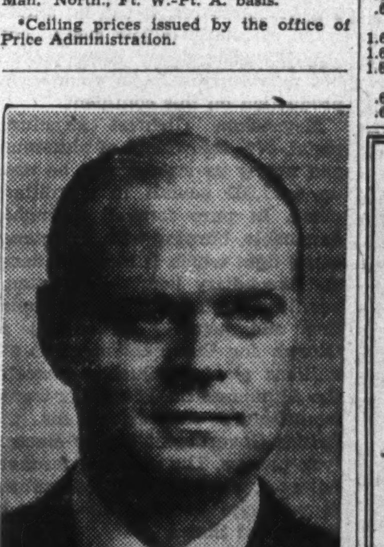
Commodity prices have shown a slight upward tendency especially in the agricultural group. This strength has been due to the price ceiling levels suggested by the United States Government, which in most cases are above the current levels of products such as cotton wheat and soy beans in that country. It was believed similar conditions would affect prices on hogs and cattle.

	Latest week	Previous week	Same week last yr.
Cattle	$10.50	$10.35	$10.25
Hogs	15.50	15.25	11.40
Copper, lb.	.12	.12	.12
Cotton, lb.	.2059	.1968	.1094
Sugar, raw, lb.	*.1374	.0374	.0295
Wheat, Man. (bu.)	.78¼	.77¼	.74¼
Coffee, lb.	*.09⅜	.09⅜	.05¼
Hides	*.15½	.15½	.13¼
Weekly Indices			
Wood, Gundy	76.6	76.3	67.1
U. S. Labor	95.6	95.0	80.6
Dow Jones (future)	88.46	86.69	56.55
Fishers	102.5	102.5	86.1
Monthly Indices			
Canada (D.B.S.):			
Retail (Dec.)*	115.8	116.3	168.0
W'sale (Dec.)	93.8	94.0	84.2
U. S. (Oct.)	92.4	91.8	78.7
Gt. Brit. (Oct.)	154.6	154.3	....

Note:—The base of indices is that 1926 equals 100. *Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices issued by the office of Price Administration.



JOINS NATIONAL TRUST

E. P. Taylor has been elected a director of National Trust Co. Mr. Taylor is vice-chairman and president of the British Supply Council in North America and president of Canadian Breweries Ltd.

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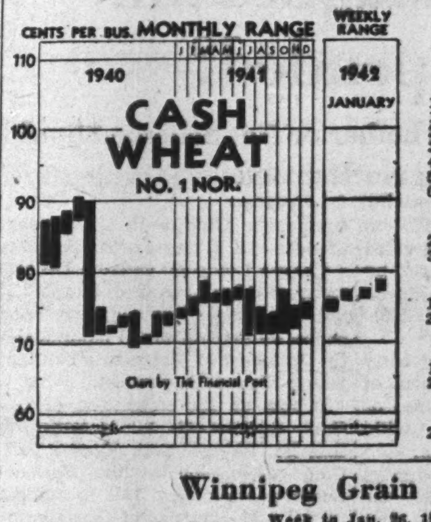
Matachewan Consol. Profit is Higher

Estimated net earnings of $35,206 are reported by Matachewan Consolidated Mines for the three months ended Dec. 31, 1941, before write-offs and depreciation but after all other charges including taxes. In the preceding three months, earnings were $25,901 on the same basis.

Expansion of the milling rate to 1,000 tons a day is proceeding. The mill building has been completed and a considerable amount of equipment has been delivered. Some of the equipment, however, has been delayed with a consequent deferring of the step-up in mill capacity. Exceptions are that increased capacity will come into play early next month.

Wheat Prices



Cash Quotations

	For Week Jan. 26 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.78¼	.77¼	.77¼	.76½
1 Nor.	.78¼	.77¼	.77¼	.76½
2 Nor.	.75	.74	.74	.73⅛
3 Nor.	.73¾	.72	.71⅞	.70⅞
4 Nor.	.72	.71⅜	.71⅜	.70⅜
5 Wheat	.70⅜	.69⅞	.69⅞	.68½
6 Wheat	.68¾	.67⅞	.67⅞	.66½
Oats:				
2 C. W.	.51⅜	.50⅛	.51	.50¼
3 C. W.	.50⅜	.49⅜	.49¾	.49⅜
Barley:				
1 Feed	.60⅜	.59	.59⅜	.58⅛
2 Feed	.59⅜	.56¼	.58⅜	.57½
Flax:				
1 C. W.	1.60½	1.60⅜	1.61	1.57
2 C. W.	1.60	1.58¼	1.58	1.54
Rye:				
2 C. W.	.65⅜	.64⅜	.65⅜	.63⅜

Winnipeg Grain Futures

Week to Jan. 26, 1942

Crop year from Aug. 1, 1941 High	Low		Open Jan. 20	High for week	Low for week	Close Jan. 26	Close year ago
		Wheat					
.82¾	.76¼	May	.80	.81⅛	.79¾	.80⅝	.77
.82⅛	.77½	July	.81	.82⅛	.80⅞	.81⅜	.78¾
		Oats					
.51⅛	.38⅛	May	.49¾	.51⅛	.49⅝	.51	.35⅝
.50¼	.43⅛	July	.48½	.50¼	.48⅛	.50	.33⅞
.49¼	.46⅜	Oct.	.46⅜	.49¼	.46⅜	.48⅝	.31¾
		Barley					
.64⅜	.49⅜	May	.63⅝	.64⅜	.62	.64	.46⅛
.63¾	.55⅛	July	.61⅜	.63¾	.61⅛	.62⅝	.43⅞
.62¾	.57	Oct.	.59⅝	.62¾	.58⅝	.61¾	.....
		Flax					
1.64½	1.40¼	May	1.62½	1.64	1.61½	1.64	1.60½
1.64	1.48	July	1.62⅛	1.64	1.61	1.64	1.58⅜
1.64	1.60	Oct.	......	1.64	1.60	1.64	1.54⅛
		Rye					
.67⅞	.51¾	May	.66⅛	.66⅝	.66⅝	.66⅝	.49⅜
.66⅝	.60⅜	July	.66⅝	.68⅝	.68⅝	.66⅝	.49½

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Week in Mining

Base Metals May Prove Next Market Leaders

Unlimited Demand for Metals, Possibility of Higher Metal Prices, Safeguards Against Rising Costs Seen Making Base Metals Desirable

Men close to the mining market state recent weeks have shown an increasing disposition by investors to "get into" base metals. Trading has not been heavy, it is pointed out, but apparently the feeling continues to grow that the next bull market—when and if it comes—will find base metal stocks leading prices upwards.

Several reasons are given for placing base metals in a preferred category at present. The unlimited demand for base metals, the possibility higher metal prices may be secured, allowance for increased costs under United Kingdom contracts—all of these are pointed out as reasons for believing that base metal issues have increased in desirability. It is recognized, of course, that at the present time the entire market is bearish, and that some time may elapse before an upward trend may be in evidence.

Gold Output Lower

Dominion gold production was lower in November, probably reflecting the Kirkland Lake strike which started Nov. 18. Output for the month totalled 442,837 oz. compared with 461,168 oz. the previous month and 450,712 oz. for November, 1940.

Comparing November, 1941, with November, 1940, Ontario and Nova Scotia were the only gold areas to show a reduction in output. Production by areas as reported by the Dominion Bureau of Statistics follows:

	— November —	
	1941	1940
Area:	oz.	oz.
Ontario	253,582	278,772
Quebec	93,957	86,519
British Columbia	53,278	49,792
Man. & Saskatchewan	26,832	22,370
Yukon	6,579	5,462
N. W. T.	7,086	5,515
Nova Scotia	1,494	2,241

* * *

Regulation Relaxed

The Ontario Securities Commission has taken steps to eliminate a certain amount of red tape for release of escrowed shares. Previously, it was necessary to secure a written consent from the Securities Commission for release of escrowed shares even when owners of shares were entitled to their release under regulations of the Commission. This has been done away with.

Instructions issued to all escrow agents call for escrow of 90% of vendor stock subject to release of shares on the basis of one vendor share for each treasury share sold. Transfer, hypothecation, assignment or other alienation within the escrow, however, is still only to be made on written consent of the Commission.

* * *

Buys More Golds

That some American investors at least are still finding Canadian gold stocks attractive is disclosed in a New York despatch which tells of one New York investment trust adding to its holdings in the fourth quarter of last year. This investment trust added 5,000 shares of Dome to its holdings and 900 shares of Lake Shore, bringing its holdings in each of these companies to 20,000 shares.

Toronto brokerage firms have noticed considerable American buying of Dome shares in recent months. It may be that this buying has been originating with investment trusts. The New York source notes that with gold stocks selling at close to wartime lows, yields are correspondingly attractive to the American investor.

* * *

Nazis' Nickel Short?

Evidence of a possible German shortage of nickel is seen in a report that Germany is using Russian prisoners to build roads in northern Norway to reach the nickel mines at Salmijaervi, Finland. Prior to the first Russo-Finnish war, the nickel mines in northern Finland were developed under the ownership of a subsidiary of International Nickel Co. but Inco was forced to withdraw its staff as the Russians made inroads into Finland.

Some further work was understood to have been done on the properties after International Nickel withdrew and before the present Russo-German war started. However, the Russians lost the mines and the Germans are apparently intent on re-opening them now. Work was not in an advanced stage when Inco engineers left and it does not appear likely that the mines can be placed in production until a considerable time elapses.

* * *

Lardeau Consolidation

Possibility of renewed activity in the Lardeau area of British Columbia is seen with the announcement that Thomas H. Kelway and David S. Tait are heading up consolidation of a number of properties in that area. Properties are being brought together that will lend themselves to development in a single block and one company will be formed to take them over.

Groups of claims being brought into the consolidation are the Goldfinch, Independence, Nelson, and Burniers groups. Shareholders of Meridian Mining Co. this past week were also voting on going into the consolidation. The new company is to have capitalization of a million shares.

Backers of the consolidation believe that Lardeau has never had a proper testing and the same view is stated to be held by members of the geological survey and other authorities. It will be necessary, however, to interest new capital for a development programme.

Smelters Magnesium Plans Suspended?

Decision as to Whether or Not Scheme Should Be Completed Again Debated

From Our Own Correspondent

OTTAWA.—Plans for a 5,000-ton magnesium plant to be erected somewhere in eastern Ontario by the Consolidated Mining and Smelting Co. are in suspense The Financial Post is informed.

The project was announced early in December by the Department of Munitions and Supply. Whether or not it will be proceeded with, eventually, is not yet known.

At the same time the government has given word to "step up" the initial capacity of Canada's first prospective magnesium producer (Dominion Magnesium Ltd.) from two tons to 10 tons per day.

The smelter plant was to have been built and operated by that company for the account of the British Government and its product allocated to the British Government. Presumably entry of the United States into the war and the rapid extension of pooling arrangements between the three countries has been a factor in delaying the decision for a new Canadian source of supply.

Currently the United States is embarked on a production expansion programme which when complete will produce upwards of 190,000 tons of magnesium annually. This compares with total world production in all countries prior to the war of about 25,000 tons. United States pre-war capacity was about 2,200 tons annually—less than half the announced tonnage of the proposed Smelters property.

Irrespective of the decision on the Smelters magnesium development, plans are proceeding rapidly to construct 13 miles northwest of Renfrew, Ontario, a purely Canadian venture for the manufacture of metallic magnesium. Immediate capacity of this plant was to have been about two tons a day with provision for stepping up to 10 tons daily. This has now been enlarged to the latter figure, The Post is informed. It is expected to be in production about midsummer.

Use Pidgeon Process

The Renfrew property is a joint effort of the National Research Council, a group of Toronto mining companies (Bobjo—R. J. Jowsey; Moneta—W. E. Segsworth; Ventures—Thayer Lindsley, and the Department of Munitions and Supply. It uses the Pidgeon process developed at the Research Council laboratories by Dr. Lloyd M. Pidgeon, a brilliant young Canadian chemist.

It was on the suggestion of Lt.-Gen. Andrew G. L. McNaughton that Dr. Pidgeon was given a full-time commission at the National Research Council in 1937 to explore ways and means of developing magnesium metal commercially from known Canadian sources. Although magnesium is the sixth most plentiful metal in the world it is also one of the most difficult and elusive to obtain in pure metallic form. The problem is not one of locating the raw material but of finding a process which will extract the metal from sea-water or from magnesium-bearing rocks such as brucite, magnesite, dolomite or serpentine.

The commercial success of Dr. Pidgeon's process was demonstrated last October after magnesium had been produced satisfactorily in a pilot plant at Ottawa by the Toronto mining group in association with Dr. Pidgeon and the National Research Council. The proposed commercial plant is to be financed by the Department of Munitions and Supply at an estimated cost of $2.7 millions. The government has the right during the war to use the Pidgeon process in other plants in Canada.

Dominion Magnesium Ltd.

The new development will operate under name of Dominion Magnesium, Ltd. to which will revert plants and processes developed under war time production conditions. Capital stock is 150,000 shares no par value. Majority of the stock is held equally by Bobjo, Moneta, and the Ventures group. President of the company is R. J. Jowsey; vice-president W. E. Segsworth. Maurice Crabtree is director and secretary-treasurer. Two other directors are Norman F. Parkinson and C. C. Calvin.

The Pidgeon patent is a direct reduction process which uses ferro-silicon and produces the metal via the "retort" method at unusually low temperatures. It can be undertaken at relatively low capital cost and introduces new developments not previously used in commercial production on this continent.

Magnesium (lightest structural metal, 64% the weight of aluminum and nearly as strong) can be used up to 1,000 pounds in a military plane. In pure form it is highly flammable, burning with an intense white light which is ideal for flares and incendiary bombs. In September, 1940, a plan was in contemplation and actually announced at Ottawa for the erection of a $15 millions plant in Quebec whereby the Aluminum Co. of Canada would manufacture magnesium for the British Government by the electrolytic process. The plan fell through, however, when the U. K. determined (apparently) to place its order in the United States.

Hayes Cadillac Mines is continuing diamond drilling its property in Louvicourt twp., Quebec, to the east of the Siscoe-Lamaque area. Eight shallow holes have been completed to date with commercial values over good widths stated to have been secured. The zone so far has been indicated for a length of 300 ft. and No. 9 hole, now under way, is located 100 ft. to the east. A complete result on reports is being prepared.

Negus Opens Ore On Sixth Level

A length of 95 ft. of ore is reported to have been opened up on the new sixth level of Negus Mines averaging 2.37 oz. uncut or 1.24 oz. cut across an average width of 2.6 ft.

Production in December showed a considerable increase totalling $62,667 compared with $52,550 for November. Total output for 1941 is given at $707,998 from 22,275 tons of ore for an average recovery of $31.78 a ton. This compares with $812,903 from 21,598 tons of ore and average recovery of $37.64 a ton the previous year.

Granby to Pay Extra Dividend

Reflects High Level of Profits in Effect During Year 1941

An extra dividend of 5 cents a share has been declared by Granby Consolidated Mining, Smelting and Power Co., payable March 2, 1942, to shareholders of record Feb. 13, along with the regular quarterly dividend of 15 cents a share.

Interim earnings statements indicate that the company is earning well above the present level of dividends. A distribution of 5 cents a share each quarter could be made if directors felt this good policy.

In the quarter ended Sept. 30, 1941 earnings had totalled $153,019 equal to 34 cents a share after allowing for all charges. This had compared with $122,616 or 27 cents a share in the corresponding period of 1940.

Total net profit for the nine months ended Sept. 30, 1941, was $431,845 or 96 cents a share compared with $504,250 (including $221,027 exchange credits) or $1.12 a share in the similar period a year earlier.

Part of recent profits have been used to retire debentures. From Oct. 1, 1940, to Dec. 30, 1941, a total of $145,800 principal amount of these five-year 5% convertible debentures due April 1, 1942, were retired, reducing the amount outstanding to $142,200 as at Dec. 31, 1941. Apparently a total of $135,000 was retired in 1941 compared with $121,000 in 1940.

Broulan Output Rises Last Quarter 1941

An increase in production was shown by Broulan Porcupine Mines in the fourth quarter of 1941. Output was $280,820 from 37,624 tons of ore, an average recovery of $7.46 a ton. In the preceding quarter, output was $261,612 from 35,956 tons of ore, an average of $7.29 a ton.

Output for all of 1941 was $1,067,657 from 138,888 tons of ore, an average recovery of $7.69 a ton. In 1940 the company turned out $1,190,484 from 110,637 tons of ore, an average recovery of $10.76.

McIntyre Net Rises Slightly

Earnings Equal $1.05 a Share in Last Quarter of 1941

An increase in quarterly net profit to $834,477 or $1.05 a share was shown by McIntyre Porcupine Mines in the three months ended Dec. 31, 1941. In the preceding quarter, profit had been $816,281 equal to $1.02 a share.

Earnings for the nine months ended Dec. 31, 1941, totalled $2,463,733 or $3.09 a share compared with $2,866,922 or $3.59 a share in the corresponding period of the previous year.

Chiefly responsible for the improved showing in the last quarter of 1941 was an increase in total recovery to $2,521,846 from $2,443,730 and $2,409,966 shown for the quarters ending Sept. 30 and June 30, respectively.

Both operating charges and taxes increased in the December quarter but the increase in output was sufficient to more than offset these.

Production for the nine months ended Dec. 31, 1941, totalled $7,375,542 compared with $7,589,211 for the same period of the previous year.

The decrease in output was partially responsible for the drop in profit by approximately $400,000. The other contributing factors were increase in operating costs by over $100,000, an increase of close to $100,000 in taxes. Charges for depreciation showed a decline from $145,160 to $127,510.

Jason Main Vein Rich at Depth

Up to Jan. 19, drifting in the main vein on the fifth level of Jason Mines No. 1 shaft for a distance of 185 ft. had been in continuous ore averaging $52.77 per ton across an average width of 15.1 inches.

Raising on the same vein had been carried for 13 rounds above the drift, an approximate advance of 65 ft. Values for this distance averaged $69.78 per ton across an average of 24.7 inches.

Drifting operations on this new level have been hampered to some degree by the presence of diorite dykes which made solution of the ore pattern difficult in the early stages of the work.

Final bullion production returns show an output of $66,606 for December.

This brings production for 1941 to $766,708 from 48,226 tons of ore for an average recovery of $15.90 per ton.

THREE OIL REGISTRATIONS

Jan. 15, 1942, issue of the Alberta Gazette lists three newly-registered oil companies: Clonmel Petroleums, New Ranchmen's Oil Co., and Northcross Incomes. Activities of Clonmel Petroleums were reviewed in The Financial Post last week while Northcross Incomes is understood to be a royalty company formed in connection with a well to be financed in eastern Canada.

Week in Oils

Foothills 10 Big Well

From Our Own Correspondent

CALGARY.—Ripping out crude oil at an initial flush rate of 100 bbls. per hour and settling to a flow under strong back pressure of 55 bbls. per hour, the important Foothills No. 10 well in the north Turner Valley extension joined the ranks of the field's largest producers last week end.

The well, drilled by the Foothills Oil & Gas Co.—an Imperial Oil subsidiary—is located in L.S.D. 2 4-21-3w5, quarter of a mile east of the big Miracle Royalties No. 1 producer and the same distance west of Major No. 9 drilling west.

Drilling was halted last week at a depth of 8,069 ft., 1,450 ft. in the Madison lime, after the bit had penetrated a series of porous horizons with a total thickness more than twice that found in the normal section of lime. When drilling was halted, the bit was still in crystalline limestone, with no sign of the black lime which normally marks the lower productive limit of the Madison showing. It was decided, however, to take production without drilling deeper.

* * *

Not Yet Fully Acidized

After drilling halted, fluid was circulated to clear out the rotary mud. Then 1,000 gallons of acid was applied last Saturday to wash off the formation walls.

Kicked off, the well cleared itself rapidly, and began making new oil at around 100 bbls. per hour. In the 24 hours ended 8 a.m. on Monday the well produced 1,589 bbls. of crude oil—an average of over 66 bbls. per hour. During the final eight hours of this run, the well was pinched back and operated under back pressure at 55 bbls. an hour.

Preparations were being made on Monday afternoon to apply a further 4,000 gallons of acid.

* * *

Old Idea Exploded

The exceptionally large production obtained after the initial acid wash leaves no doubt that Foothills No. 10 will rank among the top wells in the field. The well was drilled on a location which, only a few months ago, was considered by many geologists to be on the wrong side of the Turner Valley east fault. Its successful completion once again adds to the growing fund of knowledge about the north extension area

Major Oil Investments No. 4, the recently completed North Extension test which developed a heavy flush flow after two light acid shots then blew wild and had to be killed with water, was still clearing out the water from the formation early this week. It was expected, however, that clearing would be completed and acidizing proceeded with later in the week.

* * *

Tilley Well Makes Oil

The Northwest Co.'s Tilley No. 1 venture on the Alberta plains, 125 miles east of Calgary, has completed drillings 40 ft. in the Madison limestone at 3,209 ft., with promising oil showings reported. After a brief drill-stem test, production string of 4¾-inch casing was run and cemented to 3,208 ft., and the plug was being drilled out on Monday, preparatory to commencement of extensive productivity tests.

When drilling was halted last week, an Electro-log was run to provide essential information on the formation. Then a formation tester was installed at the end of the drill-pipe and the pipe was re-run into the hole.

Then the well was opened up, commenced making gas immediately and, within an hour, started making crude oil and returning drill-fluid from the formation. In an hour and a half run, the well produced about 36 bbls. of fluid—oil and drilling fluid.

* * *

At the end of this brief test, the hole was full of fluid, consisting about two thirds of crude oil and one third of water. It is not yet definitely known whether the water originated from the drill-fluid or whether it came in from the formation.

The oil is comparable to that found at the Standard Oil of British Columbia wells at Princess, 20 miles to the north. Gravity is between 23 and 26 degrees.

While the showing in the drill-stem test is promising, it should be emphasized that the brief test to date does not necessarily mean that commercial production will be developed.

* * *

Northwest Co. Goes North

Northwest Co. has transferred its activities in Turner Valley from the extreme south end to the extreme northern limit of the field's proven area, announcing this week that it will drill Northwest-Hudson Bay No. 7 well in L.S.D. 14 8-21-3w5, three eighths of a mile southeast of the Atlas-British Dominion No. 2 venture, now near completion in the lime. The new test will be drilled with the heavy duty rig from Foothills No. 10. It is located about three quarters of a mile north and west of the Major Nos. 3 and 4 producers, presently the most northerly producers in the field.

Home Oil Co. whose Home Millarville No. 2 test originally opened up the north extension in 1939, has staked its Home Millarville No. 10 test in L.S.D. 15 33-20-3w5, quarter of a mile south of Foothills No. 10 and the same distance east of the Home Millarville No. 7 producer. Cellar has been dug and heavy duty rotary is now being moved in. Contractor is Drilling Contractors Ltd.

Atlas Gets Porous Zone

Atlas-British Dominion No. 2, the next important North Extension completion, has penetrated a thick (80 to 90 ft.) upper porous zone, showing quite satisfactory porosity, and is now drilling more than 240 ft. in the limestone at 8,523 ft. Completion is expected in a few days.

Two other Turner Valley wells have reached the Madison limestone and are now drilling near completion. Anglo Canadian No. 11 on the central west flank, found the lime at 7,885 ft. Miracle Royalties No. 2, in the north extension, topped the Madison at 7,252 ft.

In a recent article in the London "Economist" the writer says: "Of all the forces that have carried the British nation so far through this supreme ordeal, none has been so valuable as the instinctive unity and mutual trust of the people . . . the confidence in ultimate victory bred by the knowledge that every citizen would do his duty." As we look on the co-operation between the British Empire and the United States during the last six weeks, is it fanciful to say that the "mutual trust" of which the "Economist" spoke has been apparent there also? And if "mutual trust" has appeared may we not hope, especially if the way is long and arduous, that a feeling of "instinctive unity" will come as well. Here is our sure hope of winning the war and, if we are wise and far-seeing, of winning the peace too.

J. M. MACDONNELL,
President and General Manager

THE COMPANY'S BUSINESS

I. Assets owned by the Company—		
Cash on hand, Dominion and Provincial Bonds and other securities of a quickly negotiable character	$1,567,311.52	
Office Premises at Toronto, Montreal, Hamilton, Winnipeg and Edmonton, Mortgages and other securities of a fixed character	4,018,394.17	
		$ 5,585,705.69
II. Assets held by the Company as Trustee for Savings Depositors and Holders of Guaranteed Trust Certificates—		
Cash on hand and in banks	$1,713,800.73	
Dominion and Provincial Bonds and other securities of a quickly negotiable character	11,574,161.99	
Stocks	500,235.90	
Mortgages	8,216,673.96	
		22,004,872.58
III. Assets held by the Company as Executor and Trustee under Wills, Trusts, Agency Agreements, etc.		283,844,024.03
		$311,434,602.30

THE COMPANY'S EARNINGS

Net Profits for the year after deducting cost of Management, Directors' and Auditors' Fees, contribution to Savings and Pension Fund, Contingencies, etc.	$466,332.82
APPROPRIATED AS FOLLOWS:	
To provide for Dominion, Provincial and Municipal taxes other than taxes on Real Estate.	$216,181.34
Regular Quarterly Dividends for the year totalling	240,000.00
Added to surplus	10,151.48
	$466,332.82

WHAT THE COMPANY HAS TO SELL

The Company offers a wide variety of administrative and financial services to both individuals and corporations. For individuals it administers estates and trusts, accepts agencies for real and personal property, receives and invests savings. For corporations it acts as trustee under bond mortgage, as receiver and manager, as liquidator, as transfer agent, as depository under escrow agreements, and in many other ways.

It is our firm conviction, based on long experience, that possessors of moderate means should avail themselves of the benefits of experienced corporate administration and it is our policy to accept such appointments. A recent analysis of the number of new Estates, Trusts and Agencies in our Estates Department shows:

Under $25,000	55%	$75,001 to $150,000	10%
$25,001 to $75,000	24%	Over $150,000	11%

We offer experienced service in every type of trustee and agency work for individuals and corporations.

National Trust
Company, Limited

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Major Malartic Mines in the Spotlight

Malartic Gold Fields Nears Higher Production Rate

From Our Own Correspondent

MALARTIC.—Decks are being cleared for higher profits at Malartic Gold Fields. Expansion of mill capacity from 700 to 1,000 tons daily is now being completed and higher grade ore from the No. 2 shaft is expected to be available for milling before the close of the second quarter.

A sharp increase in both production and profits is visualized in the second half of 1941 with operating profits perhaps reaching $90,000 monthly.

Capacity is being increased to 1,000 tons daily by putting in an additional secondary crushing unit and thickening equipment. Completion of expansion is expected next quarter. Further expansion will be dictated by results secured in the great west ore zone and by economic conditions prevailing later this year.

West Ore Most Important

Present expansion has been based on ore results secured in the original shaft workings. The west ore bodies—which drilling indicates to be far more important than the original shaft showings—occur in the main shear zone, starting 2,200 ft. from the shaft. They occur as a parallel series of diorite dykes in an area 1,300 ft. long and 300 ft. wide.

The drilling, carried out to a vertical depth of 450 ft., indicated 5,500 to 6,000 tons of ore to the vertical foot grading 0.3 oz. gold or $11.55 per ton with gold at $38.50. Ore in the original shaft working runs about 1,500 tons per vertical foot.

The No. 2 shaft, for opening the west ore bodies, is of four compartments and is located south of and midway along the western deposits. It is expected that sinking will be sufficiently advanced to permit lateral development on two levels in the second quarter of the year. Plans call for continuous development while shaft sinking is in progress to get the west ore bodies opened up just as rapidly as possible. It is expected that the shaft will reach its objective of 1,200 ft. before the end of the year.

Drive Main Haulage Way

Besides opening up the west ore bodies from the No. 2 shaft, a main haulage way is being driven west from the No. 1 shaft to the No. 2 shaft location at the 1,200-ft. horizon. This drive has been put out 400 ft. and is expected to reach its No. 2 shaft objective—3,000 ft. to the west—as sinking of the No. 2 shaft is completed.

In the No. 1 shaft workings, lateral development is under way on the new levels at 900 and 1,200 ft. The "A" ore bodies have been disclosed in the shaft crosscuts and drifting to the east and west is being advanced. Additional crosscutting is planned north and south across the full width of the shear zone.

Early in 1943 development will be reaching the point where large scale expansion may be considered. Taking the main and west ore bodies together, in excess of 7,000 tons of ore has been indicated per vertical foot or a total of 7 million tons of ore to the 1,000-ft. horizon if drill intersections respond to development.

Big Profit Possible

When development is further advanced, it is indicated a milling rate of 2,000 tons will be warranted. On a 2,000-ton basis—and with a $9 average recovery and $4 operating costs—an operating profit of $3.6 millions a year would be possible. Directors are giving consideration to the problem of providing milling facilities commensurate with present ore indications.

Operating profits in 1941 totalled $774,897 compared with $646,855 in 1940 when the company realized a net profit of $440,481 equal to 11 cents a share. Taxes and write-offs are believed to have been higher in 1941 than in 1940.

Production the last quarter of 1941 was a new record at $482,442 from 63,576 tons of ore for an average recovery of $7.59 a ton. In the previous quarter, $467,596 from 62,251 tons of ore, an average of $7.51 a ton. With development being carried on at an accelerated rate, however, operating profit in the fourth quarter at $179,121 was somewhat lower than that of the preceding quarter. Reflecting rising costs with expanded development, operating charges in December were $103,751 compared with $75,410 the previous January.

Here is how the year's operating expenses were distributed:

Item:	Total charge $	Cost per ton $
Explor. & devel.	167,419	0.667
Shaft sinking	83,987	0.335
Mining	544,590	2.170
Milling	175,030	0.698
Gen. mine expense ..	103,298	0.412
Total	1,074,324	4.282

While the operating costs per ton milled showed a rise from a low of $3.55 in March, 1941, to a high of $4.89 in December, this should not be taken as representing a permanent increase in per ton costs by that amount. With an increased tonnage of ore to be treated in the latter half of this year, the present amount of development distributed over the greater tonnage will possibly mean lower unit costs. It is possible scale of development will be further augmented, however, when opening up of the west ore bodies gets under way.

Results at Malartic Gold Fields for 1941 are reported as follows:

1941:	Tons milled	Aver. recov. $	Total output $	Oper. profit $
Jan.	19,579	7.64	149,638	74,228
Feb.	19,528	7.40	144,568	70,289
Mar. ...	22,864	6.36	149,922	68,808
Apr. ...	21,479	6.31	135,581	57,556
May	21,146	7.53	159,194	67,535
June ...	20,583	7.79	160,281	75,727
July ...	20,909	7.84	163,944	73,895
Aug. ...	20,368	8.03	163,638	64,425
Sept. ...	20,974	6.71	140,015	43,313
Oct.	22,009	7.58	166,836	65,720
Nov. ...	20,333	7.36	149,733	51,280
Dec.	21,234	7.81	165,872	62,121
Year ...	250,906	7.37	1,849,722	774,897

East Malartic Profit Off But New Ore Impressive

From Our Own Correspondent

MALARTIC.—From the earnings standpoint, 1941 was a disappointing year at East Malartic Mines but from the development viewpoint, it was one of outstanding progress.

Exploration suggests a possible doubling of ore potential with much of the new ore higher grade, the kind that may have an important effect on mill heads and profits

Placing new ore in sight was partially responsible for the relatively low level of earnings last year. In the second half of the year, much of the material milled represented rock from advancing drift heading on six lower levels along the main contact. As the contact is irregular, much of the material broken in the drift was low grade. It is estimated that upward of 20,000 tons of drift development ore grading 0.10 oz. gold was included in mill feed each month of the last quarter. Preparation of stopes for mining, however, is now expected to result in a higher grade of mill feed.

New Ore in Three Places

While production and profits showed a recession in the second half of 1941, due to inclusion of low grade in mill feed, lateral work resulted in important new ore disclosures in three sectors. These were:

1. In the main ore area at the 1,570-ft. or bottom level where ore totalling close to 2,000 tons per vertical foot grades $9 a ton.
2. To the east on the 485-ft. level where a new section shows 1,000 tons of ore per vertical foot grading $8.75 a ton at $35 gold.
3. To the west of the shaft, where ore has been disclosed in relation to a fault which ore disclosures at Sladen make of importance.

General results of drifting on the six new levels are as follows:

East of shaft crosscut:

Depth of Level ft.	Ore Length ft.	Grade Uncut $	Grade Cut $
820	636	7.24	7.21
970	595	7.28	7.14
1,120	544	6.77	6.37
1,270	490	8.80	8.75
1,420	529	6.98	6.95
1,570	600	5.89	5.86

West of shaft crosscut:

Depth of Level ft.	Ore Length ft.	Grade Uncut $	Grade Cut $
820	559	7.40	7.15
970	567	5.76	5.76
1,120	556	5.22	5.02
1,270	483.5	3.73	3.73
1,420	569.5	3.94	3.90
1,570	813.5	4.36	4.17

All development headings remain open to the east with drifting and horizontal close interval drilling proceeding.

Ore Shifts To East

Ore structures in the greenstones to the north of the contact show a persistent rake of 60 degrees to the east so that there are decreasing ore lengths on the lower levels to the west of the shaft in the main ore bodies.

Below the 1,570-ft. level, the main ore bodies will be largely east of the shaft area. Recent drift development on the 1,420 and 1,570-ft. levels west has been both along the main contact and also to the south along the fault zone.

Flat drilling north from the drifts below the 820 to the 1,420-ft. level has confirmed downward continuity of ore with some decrease in widths from the bulge or enlargement on the 670-ft. level. Drilling carried out so far shows the following ore north of the drift on levels from 970 to 1,270 ft.

Depth of Level ft.	Length Drilled ft.	Aver. width ft.	Aver. grade* $	Tons per ft.
970	1,162	26.3	7.73	2,545
1,120	1,111	20.0	7.00	1,850
1,270	974	22.0	7.45	1,787

*With gold at $35.

Drilling to the east of the shaft on the 1,420 and 1,570-ft. levels has shown a pronounced enlargement in ore widths and average grade. As these levels are the deepest opened up, results speak well for ore possibilities at still greater depth.

Bottom Level Is Best

Going east, the first five flat holes put out at the 1,420-ft. level have returned the following values: $7.53 over 15.5 ft.; $8.12 across 26.6 ft.; $8.05 across 57.6 ft.; $8.34 across 56.2 ft., and $10.93 across 35.4 ft.

On the 1,570-ft. or bottom level, flat drilling to the east of the shaft has so far outlined **a length of 400 ft. grading $9 per ton across an average width of 60 ft.** Indicated tonnage is close to 2,000 tons to the vertical foot. The drift has been in strong structure for 200 ft. in advance of the last drill hole. This bottom level is indicated as the best horizon in the mine.

To the west on the 1,420 and 1,570-ft. levels, drifts have been carried along the contact zone for 450 and 350 ft., respectively. On the 1,570-ft. level, the drift has been swung to the south to follow along the south-dipping fault zone. Drift advance along the fault for 500 ft. has returned low gold values with improved mineralization and assays to the west. Flat drilling to the south has returned the following intersections: $8.40 over 19.4 ft., $11.90 over 8.5 ft., $7.15 across 13.5 ft., $3.50 across 10.5 ft. and $3.26 across 12.0 ft. The drift face is now 200 ft. east of the Sladen boundary with drifting being continued. In view of important developments that Sladen has had in recent months on and below the 950-ft. level along the same faulted zone present work is of great interest.

East Ore 400 Ft. Long

All the ore news has not been at depth at East Malartic, however. On the 485-ft. level at a point 1,500 ft. east of the shaft, horizontal drilling north and south of the contact zone has disclosed a length of 400 ft. of ore well above mine average grade. At the present stage of development upward of 1,000 tons of ore per vertical foot has been indicated grading $8.75 per ton at $35 gold. Sectional drilling shows widths of 14 to 50 ft. Drifting and flat drilling confirm surface drilling intersections in this area. Levels immediately above and below the 485-ft. level are to be extended east to explore the new ore area with about 600 ft. of drifting to be carried out at each of these levels to reach the new section. The drift at the 1,570-ft. level will also be carried east for exploration of the occurrence at depth.

1941 Profit 15 Cents

Estimated net profit of $606,613 for 1941 is equal to 15 cents a share. This marked decrease from the 39 cents a share earned in 1940 was due primarily to decrease in average grade of ore milled (recovery averaged $5.30 in 1941 against $6.32 in 1940) and to higher costs involved in a mining system to give better control of dilution. Operating costs averaged $3.21 a ton in 1941. Results by quarters in 1941 are as follows:

Quarter ended:	Tons milled	Aver. recov. $	Total recov. $	Net profit $
Mar. 31 ..	133,968	5.54	741,948	210,115
June 30 ..	133,558	5.61	749,098	190,788
Sept. 30 ..	133,369	5.01	667,643	122,315
Dec. 31 ..	136,913	5.06	692,543	78,794

Stoping is expected to be under way on the 820, 970, 1,120 and 1,270-ft. levels early next quarter. A modified system of Panel shrinkage stoping is to be completed. This is expected to allow a control of dilution at reasonable mining cost. With indicated mill heads of $6 a ton or higher for the future, a progressive upturn in production and profits is considered probable for the last three quarters of the year.

Recent ore disclosures warrant consideration of expansion in tonnage milled when and as the mine is prepared to deliver an increased tonnage. The milling plant with minor additions has a capacity of over 2,000 tons a day, but only about 1,500 tons a day is at present being handled.

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Mining Concentrates

Bulolo Gold Dredging produced 13,591 oz. of gold in December compared with 12,873 oz. in November. December estimated working profit was $280,490 in United States funds as against $283,570 in November. Landing of Japanese forces in New Guinea, where Bulolo's properties are located, has been confirmed by Australian authorities. New Guinea is a large island—only 100 miles from Australia at its nearest point—and much of it is inaccessible. Bulolo is only reached by air, a distance of about 35 miles as the crow flies.

* * *

Base Metals Mining Corp. reports discovery of a new ore body with a high lead content but low in zinc in the vicinity of the East Monarch workings. A considerable amount of development and diamond drilling will be required before it will be possible to make an estimate of tonnage. Present indications are that it will not be large. This new ore body, combined with the increased price of zinc which became effective Oct. 10, 1941, permits of lower grade ore being treated at a profit and will enable production to be carried on considerably longer than was anticipated three months earlier. Practically a capacity tonnage of ore was treated in the last quarter of 1941 despite some reduction in November due to unusual repairs.

* * *

Duquesne Mining Co. reports an additional 4,500 shares have been issued to C. Glenn Hunter and M. A. Sprott for services rendered the company from Oct. 1 to Dec. 31, 1941. Issued capital is now 3,935,058 shares, leaving 1,064,942 shares in the treasury.

* * *

Hard Rock Gold Mines reports slightly higher production for last quarter of 1941:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov $
Dec. 31, 1941	37,769	411	8.17	308,819
Sept. 30, 1941	35,894	390	8.37	300,275

* * *

Jerome Gold Mines reports absorption in the mill appears about completed with recoveries up to expectations. Extraction has been approximately 91% and research work is being carried on to see if this extraction can be improved. Tonnage treated during October and November was at the rate of 500 tons a day but dropped to approximately 425 tons in December due to shortage of miners over the holidays. Little development has been done recently below the 500-ft. level as hoist capacity was being required in connection with timbering and stope preparation generally, and a prolonged freeze-up period resulted in a temporary shortage of explosives and other supplies. Development on the 650 and 800-ft. levels was to be resumed in January.

* * *

Kootenay Belle Gold Mines is paying no dividend in January in view of its earning position. A payment of 2 cents a share was made on Oct. 25, 1941. Bullion production was $26,132 in December compared with $23,908 in November.

* * * *

Lake Shore Mines experienced a considerable drop in production the last quarter of 1941 due to the strike in the Kirkland Lake area:

Quarter ended:	Tons milled	Tons daily	Recov. per ton	Total recov. $
Dec. 31, '41	83,634	909	15.29	1,278.923
Sept. 30, '41	140,654	1,529	15.44	2,171,515

* * *

Mascot Malartic Gold Mines has started a programme of diamond drilling on its property adjoining Malartic Gold Fields and Marbenor Malartic in the eastern part of the Malartic area. The diorite belt found crossing Marbenor is stated to cross the northeastern section of the Mascot property and present drilling is being done to test magnetic anomalies shown in a survey completed by Paul D'Aragon.

* * *

McMarmac Red Lake Gold Mines is reported to have completed retirement of the $195,000 loan from McKenzie Red Lake Gold Mines which was used to place the company in production. This repayment was completed in spite of the fact that a considerable amount of money was expended for supplies to carry the company over the winter.

* * *

MacLeod-Cockshutt Gold Mines had a slight increase in production the last quarter of 1941:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
Dec. 31, 1941	57,301	623	10.65	610,473
Nov. 30, 1941	61,585	669	9.87	608,185

* * *

New Golden Rose Mines has called a special meeting of shareholders for Jan. 31 to approve winding up of company. Balance sheet as at Dec. 31, 1941, shows current assets of $35,437 against current liabilities of $1,372,215 consisting of a loan payable to Consolidated Mining and Smelting Co. Milling was suspended in May, 1941, and exploration carried out was considered to have exhausted all likely ore possibilities.

* * *

Normetal Mining Corp. reports development by drifting on the 1,535, 1,685 and 1,835-ft. levels continued to be very satisfactory in the last quarter of 1941. Considerable diamond drilling remains to be done to establish widths and values on these levels, however. Drilling was suspended in November and resumed at the end of the year. Capacity production was maintained throughout the period and copper and zinc concentrates were shipped as produced. Numerous serious delays have been experienced in getting deliveries of machinery for the 150-ton mill addition but the new addition is expected to go into operation about the end of January.

* * *

Paymaster Consolidated final mint returns show recovery of $154,987 in December compared with $155,035 in November.

* * *

Sachigo River Exploration Co. is reported to have about finished its salvage operations. Plant is being sold. Prospects are stated to be that a distribution of about $5 a share will be made to shareholders.

HEDLEY MASCOT DIVIDEND

A dividend of 2 cents a share has been declared by Hedley Mascot Gold Mines payable Feb. 16, 1942, to shareholders of record Jan. 24.

U. S. Tightens Use of Nickel

Many Uses Listed For Which No Metal Will Now Be Available

Authorities at Washington have moved to tighten control of the use of nickel in the United States and many "loopholes" have been closed with the issue of a new priority order M-6-b.

Primary nickel has been under complete allocation since May 15, 1941, but control of scrap has not been so rigid. The new order lists many items in which it can no longer be used after April 1, 1942, and also contains other restrictive provisions designed to conserve nickel for war production. Use of nickel in certain items must be reduced to 50% of a 1940 base period between Jan. 1 and Mar. 31.

None For Building

Use of nickel in a number of items except where absolutely needed for operational purposes (where no other metal will serve) has been prohibited in the United States in manufacture of transportation equipment, plating, containers of all kinds, fire-fighting equipment and lighting equipment.

Nickel cannot be used at all for manufacture of building supplies, hardware and ornamental metal work; plumbing, heating and air-conditioning supplies; clothing and accessories, jewellery, toilet articles, games, toys, musical instruments, etc.

Operating Profit Drops At Buena Vista Mine

A sharp reduction in operating profit and a higher net loss were shown by Buena Vista Mining Co. in the year ended Sept. 30, 1941. Buena Vista is owned 60% by Consolidated Mining & Smelting Co. and 40% by Big Missouri Mines Corp. and is the operating company for the Big Missouri mine.

In the year ended Sept. 30, 1941, operating profit was $14,193 as against $50,713 the preceding year. After all charges including depreciation and depletion, net loss was $291,589 in the 1941 fiscal year as compared with $290,090 the year before.

Production was somewhat lower the 1941 fiscal year at $453,010 compared with $582,225.

Cochenour Output Rises Last Quarter of 1941

A considerable increase in production is reported by Cochenour Willans Gold Mines for the last quarter of 1941.

Output for the quarter is estimated at $299,887 from 15,515 tons of ore for an average recovery of $19.33 per ton. In calculating production, actual figures for bullion recovery are used and production of gold in concentrates is estimated as returns have not yet been received from the smelter for the concentrates.

Production the previous quarter was $247,150 from 15,640 tons of ore for an average recovery of $15.80 per ton. Tailings averaged 95 cents per ton in the latest quarter.

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Insurance Company Reports

National Life

Highlights of the National Life Assurance Co. report for 1941 are:

An increase in insurance in force.
Expansion in total assets.
A decrease in policy loans.

Business in force at the end of 1941 was $65 millions or $2.9 millions over the previous year. The total is now the highest in the company's history.

Total income was slightly larger, premium income and revenue from interest and dividends being also above that for the previous year.

The increase in assets was distributed over bonds, stocks and mortgages. Mortgages at $1.2 millions were about $400,000 over those for the previous year. Policy loans were lower in keeping with the experience of most of the other companies, this year. Policy reserves showed a slight gain.

G. Fay Davis, general manager, stated that expenses for the sixth successive year had shown a reduction. Policy payments were slightly higher. The rate of interest earned was 4.27% against 4.35% in 1940.

Important items in the statement follow:

	1941 $	1940 $
Insurance in force	65,074,926	62,118,870
Total receipts	2,309,776	2,301,647
Prem. inc.	1,663,819	1,534,212
Int., divds., etc.	642,438	636,303
Policy payments	1,182,832	1,111,751
Assets	13,978,127	13,449,345
Bonds	8,811,666	8,583,153
Stocks	1,147,035	1,081,643
Mortgages	1,290,865	883,074
Policy loans	1,659,014	1,754,069
Policy reserves	12,935,048	12,325,357
Surplus	327,494	327,494
Interest earned	4.27%	4.35%

North American Life

The annual report of the North American Life Assurance Co. for 1941 shows:

The largest volume of new insurance since 1929.

The largest gain in insurance in force since 1928.

An increase of almost $4 millions in total assets.

Expansion in surplus earnings.

New insurance issued during the year amounted to $29.6 millions which W. M. Anderson, assistant general manager, in his address at the annual meeting stated, was 9.2% over that for 1940. The new business, he stated, included new assurances of 24.9 millions, assurance increases of $1.4 millions and new annuities of $3.3 millions. The average size of new ordinary policies sold was $2,662 as compared with $2,497 in 1940 "a reversal of the trend in recent years toward smaller policies."

Business in force was 5.1% higher on the year at $260.7 millions. The number of policies in force is 103,684 averaging $2,514 in amount.

Revenue from investments was 4% higher at $3.1 millions. Incurred death claims were below the 1940 amount. Surrender values decreased materially Mr. Anderson stated.

Among the company's assets, government and government guaranteed bonds at $21.9 millions were 30.6% of total assets. Municipal bonds 12.6% and corporate bonds 17.3%, a total of 61.5% of total assets. Stocks form 5.8% of the assets, mortgages 17.9% and policy loans 9.2%.

The rate of interest earned on the company's invested assets was 4.58% compared with 4.63%. Yields on securities declined, but that on mortgages and real estate was higher.

	1941 $	1940 $
New insurance	29,626,726	27,133,409
Insur. in force	260,710,697	248,050,137
Total receipts	11,074,483	11,044,340
Premiums	8,007,111	8,073,791
Int., divds., etc.	3,054,514	2,933,112
Policy payments:		
Death claims	1,610,533	1,772,705
Matured endow.	2,553,095	2,922,389
Surplus earnings	1,304,727	1,131,935
Total assets	71,747,743	67,969,282
Bonds	44,119,644	39,917,166
Stocks	4,141,962	4,147,716
Policy loans	6,600,329	7,028,162
Mortgages	12,081,991	12,147,887
Policy reserves	58,517,866	55,502,032
Free surplus	2,380,421	2,256,347
Interest earned	4.58%	4.63%

London Life

Features of the annual report of the London Life Insurance Co submitted to the annual meeting of the company in London Ont. last week were:

A new record high in new insurance written.

Insurance in force up $71 millions to a new high level.

Total assets up $11 millions.

Continuation of policy dividends in 1942 on the existing scale.

The report which was the first to be submitted by Robert H. Reid as managing director, showed new insurance effected during the year at $111.8 millions, an increase of $11 millions over the figure established in 1940 and the highest ever recorded by the company. Mr. Reid stated that this amount was one sixth of the estimated total of all life insurance written in Canada in 1941. Insurance in force at the end of 1941 was $769.2 millions exclusive of annuity contracts and reinsurance. The increase of $71 millions in business in force is the largest in the company's history and the 50th successive gain.

R. H. REID

President J. E. Jeffrey reported the increase in assets as over $10.9 millions. Of the total assets of $154.8 millions. Bonds and debentures accounted for 54.5%; mortgages 28.7%; and policy loans 9.8%. Policy loans at $15.1 millions were lower than a year ago.

J. D. Buchanan, assistant general manager, and chief actuary reported that the company maintained a reserve of $5.5 millions beyond the extra reserve funds included in the unassigned surplus. Funds to maintain policy dividends at the 1941 level have been fully provided for in the 1941 statement, he added.

It was also stated at the meeting that out of the $111 millions new business written only $3 millions was in policies of less than $500. Average production of the field force per full time agent was stated as $122,000 in 1942.

	1941 $	1940 $
New insurance	111,825,000	100,022,857
Insur. in force	769,214,000	698,098,386
Total income	29,991,633	28,614,769
Assets	154,805,000	140,314,578
Bonds & debs.	84,433,943	73,145,520
Stocks	1,776,657	1,848,212
Mortgages	44,404,927	44,916,472
Policy loans	15,140,349	15,333,382
Policy reserves	115,186,364	107,042,093
Funds on deposit	13,414,291	11,827,233
Free surplus	7,012,699	6,698,000

Massey Plan Gets Approval

Court Ruling Makes Reorganization Plan Effective

Court approval has been granted to the reorganization plan adopted by shareholders of Massey-Harris Co. by Mr. Justice Middleton in the Ontario Supreme Court. The judge found no reason to question the regularity of the proceedings and points out that there was a large representation at the meeting and all shareholders had an ample opportunity to vote.

He pointed out that "holders of preferred stocks are entitled to the benefit of their preference over the common stockholders and cannot be displaced in that right." He stated that maintaining the common stock at its original value could not be justified because of the large losses sustained by the company.

The plan was approved by shareholders at meetings held on Nov. 26 and 27, but was opposed by a committee representing common shareholders.

Under the plan now made final, holders of existing preference shares get four new 6¼% convertible redeemable preference shares at $20 par value for each share held, plus three new common shares. Holders of existing common receive one new common share for each two shares now held. Existing arrears on the preferred stock and the deficit on the balance sheet are written off, thus reducing capital value from $38.9 millions to $14.4 millions.

Ontario Hydro Load Way Up

An all-time record was set by Ontario Hydro in December, always a month of peak demand but this time boosted far above pre-war levels by the steadily growing needs of Canadian war industries.

In contrast to the 18.1% increase in primary load is the gain of only 8.4% in the combined primary and secondary load. The report indicates that Hydro sold only 96,000 h.p. as secondary power in the last month of 1941 compared with 256,000 h.p. in this category a year ago.

Maximum 20-Minute Peak H.P.

System:	Dec., 1941	Dec., 1940	Incr. %
Primary Loads:			
Niagara	1,660,991	1,367,828	+21.2
Eastern Ont.	181,961	153,164	+18.8
Georgian Bay	50,582	47,113	+7.4
Thunder Bay	108,633	91,488	+18.7
Northern Ont.	200,445	204,889	—2.2
Total	2,202,612	1,864,487	+18.1
Primary and Secondary Loads:			
Niagara	1,665,282	1,579,088	+5.5
Eastern Ont.	181,961	153,164	+18.8
Georgian Bay	50,582	47,118	+7.4
Thunder Bay	134,531	92,641	+45.2
Northern Ont.	266,129	248,589	+7.1
Total	2,298,485	2,120,600	+8.4

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B. C. Expects Surplus In New Fiscal Year

Believe Current Year's Collections Will Be Well Above $31.9 Millions Estimate; House To Vote on Dominion Tax Plan

In the 1942-43 fiscal year British Columbia will have estimated revenue collections of $33,155,059 and expenditures of $33,094,293, leaving a revenue surplus of $60,766, Hon. John Hart, Premier and Minister of Finance, told the B.C. Legislature last week.

The 1942-43 estimate of revenue collections is $1.2 millions greater than that for the current year, but approximately $3 millions less than actual collections during 1940-41.

Estimate of revenue collections for the fiscal year 1941-42 amounted to $31,957,391. Total current account expenditures were estimated at $29,947,207.

Premier Hart notes that the Budget forecast differs from those submitted formerly as, in accordance with the Dominion-Provincial agreement, more than one-third of the province's revenues, or $12 millions, becomes fixed. Variations will also be found when comparing actual collections during the 1940-41 fiscal year and the anticipated returns during the next financial year, particularly in motor vehicle fees and licenses, liquor profits and the fuel oil tax. All of these have been cut to a level deemed reasonable after taking into account federal restrictions and controls and increased import costs.

Current Collections Good

Of the $31.9 millions estimated for revenue collections in 1941-42 a total of $20.0 millions were collected during the seven months ended Oct. 31, 1941, and it is estimated that the volume of accruals, during the last five months, will bring total collections for the fiscal year well above the estimate.

Of estimated current expenditures of $29.9 millions a total of $17.1 millions were spent in the first seven months. Premier Hart comments that this figure, however, may be misleading as it does not cover vouchers in transit or still subject to audit.

Less Unemployed

Better general business is responsible for an appreciable decrease in the number assisted from unemployment relief funds. Comparing Sept., 1941, with the preceding September, the number of persons assisted fell from 28,018 to 15,877. Contributions from the Dominion Government for unemployment relief ceased March 31, 1941. By this action the current year's expenditures of B.C. will be about $1 million greater than the original estimate, bringing total cost to about $3 millions. For next year cost is estimated at $2.4 millions.

Last debt statement presented to the B.C. House was Oct. 1, 1940, when gross debt amounted to $189.1 millions. Since that date up to Nov. 1, 1941, the government has repaid direct provincial debts to the extent of $28.7 millions, refunded debentures amounting to $900,000, and converted into debentures treasury bills amounting to $2 millions. On the other hand, $3 millions were borrowed for refunding and conversion and $2 millions for public works, $2.3 millions of debentures were sold in accord with the provisions of the Teachers Pension Act and a $60,000 treasury bill was sold for capital replacements for the P.G.E. Railway. Net result was a decrease in the gross debt of $24.2 millions.

Since Oct. 1, 1941, there has been a reduction in the province's net debt of $5.9 millions, it is stated.

On July 15, 1942, there becomes payable the provincial guarantee in connection with $20.1 millions of Pacific Great Eastern Railway 4½% stock and bonds. Sinking fund in this connection now amounts to about $3.8 millions. The provincial government, therefore, has to take care of some $16.3 millions, most of which will have to be refunded. Preliminary steps already have been taken to deal with this situation, the premier states.

On Nov. 1, 1942, there falls due $310,000 of 4½% 15-year direct obligations payable in Canadian or N. Y. funds. A sinking fund now holds $80,500 leaving $229,500 to be cared for.

Premier Hart reported a substantial improvement in the position of B.C. municipalities. Industrial activity has increased greatly, property values are higher, and the housing demand is frequently difficult to fill. Sale of reverted properties and the large amount of construction and reconstruction of houses and industrial plants has brought substantial increases in the value of tax-yielding properties on municipal assessment rolls.

Tax Agreement Vote

Legislation providing for the ratification of the agreement with the Dominion Government on the corporation and income tax field surrender will be submitted to the House shortly. The agreement provides that British Columbia will receive an annual sum of $12 millions in lieu of its collections in corporation and income taxes and licenses under the Fisheries Act.

Premier Hart noted that the sundry financial provisos of the agreement convert into a fixed subvention revenue sources which otherwise would prove to be of a lucrative and expanding nature. Their surrender means the loss of their normal increase (which last year amounted to well over $2 millions) in addition to the loss of the province's $750,000 interim subsidy.

Anticipating the implementation of the Dominion-Provincial agreement the B.C. government suspended the collection of taxes on income and corporation on July 1 of last year.

Old age pensions in B.C. are to be supplemented by an additional $5 per month. Generally speaking, a B.C. pensioner will now receive $25 instead of $20 per month, the premier states.

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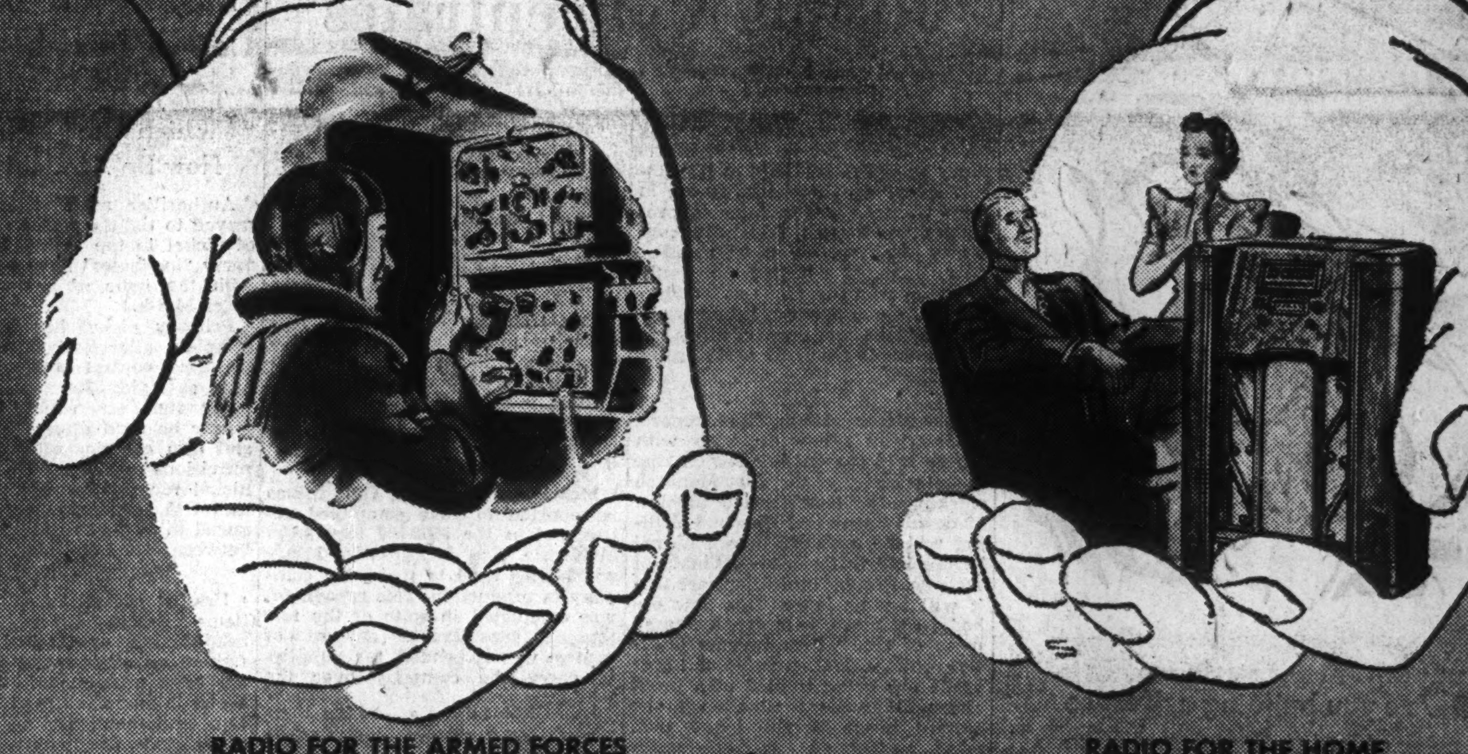

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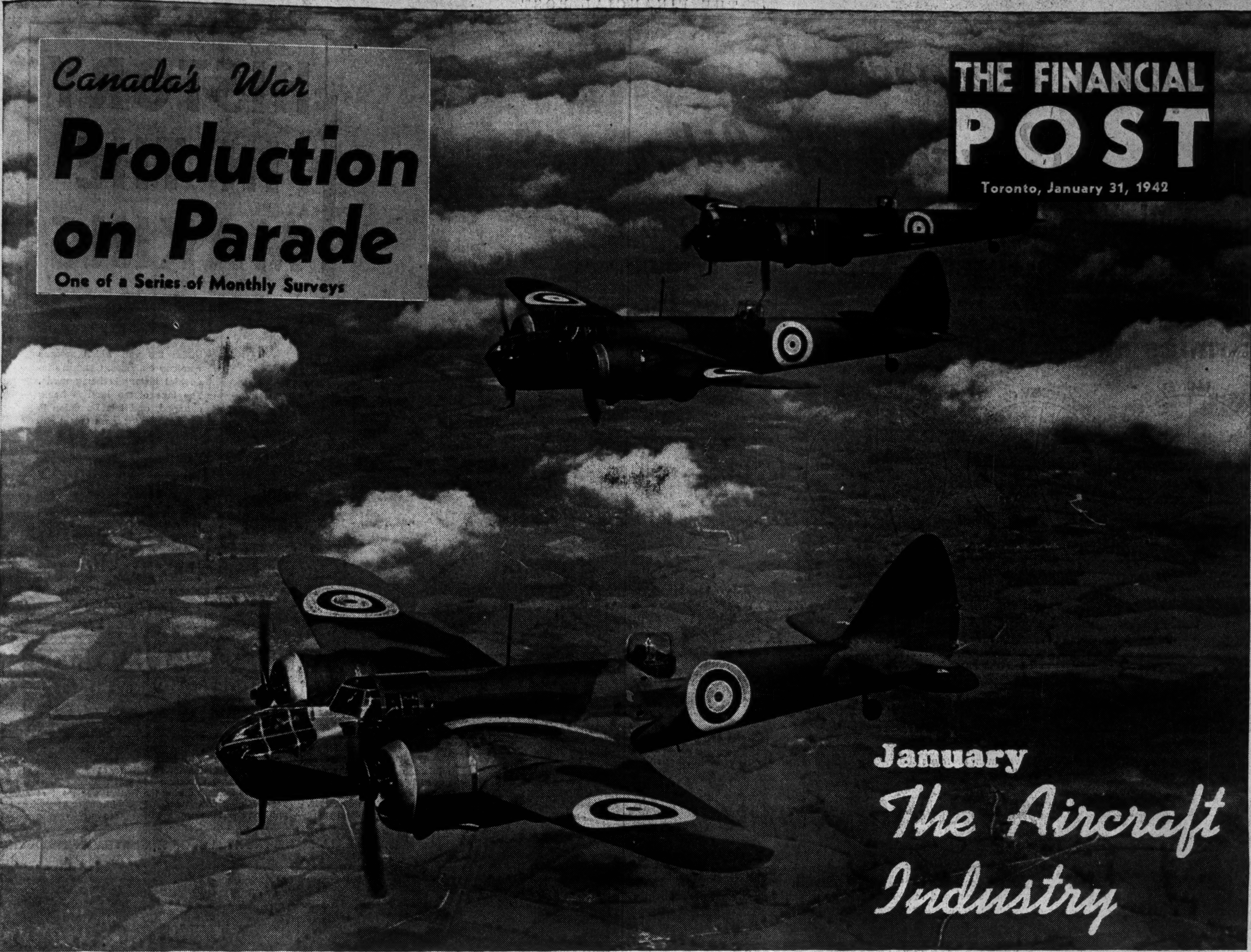
THE FINANCIAL POST
Toronto, January 31, 1942

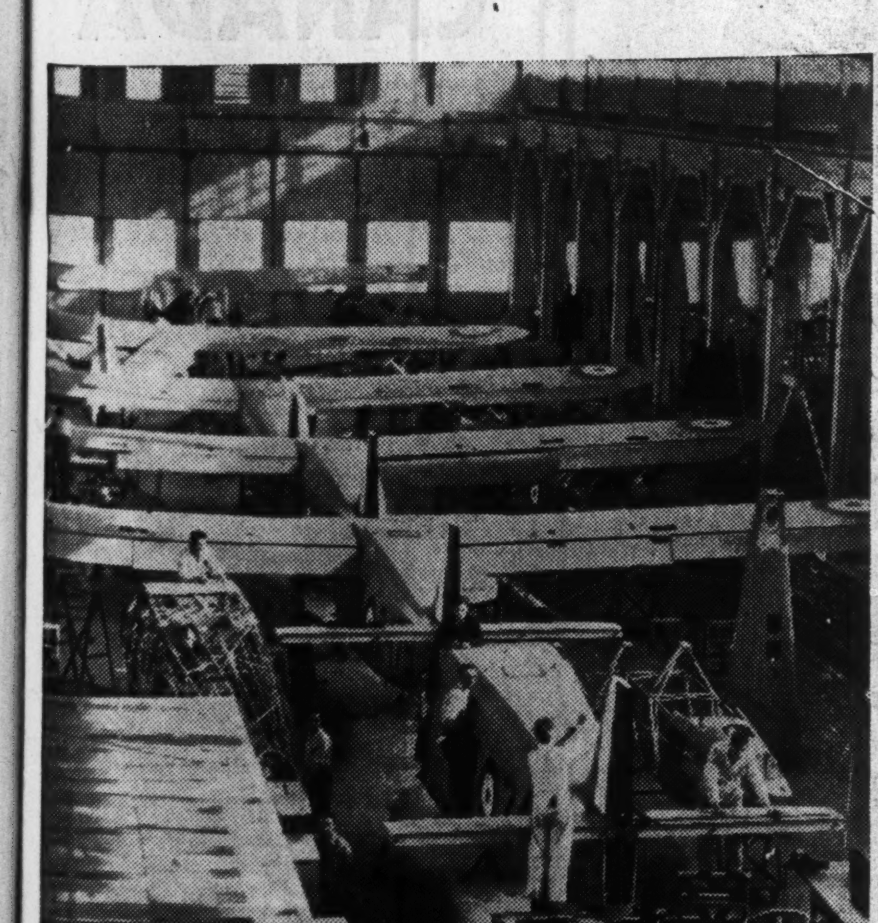
Canada's War

Production on Parade

One of a Series of Monthly Surveys



How Canada is Providing the Tools



The arena in which the future of mankind is being determined, has now widened until the whole world has become a theatre of war, the far-flung battle line stretching from Archangel to Australia.

Heavier, in proportion to this expansion, is the responsibility placed on the armed forces of the United Nations. And heavier is the responsibility—greater the challenge—for those countries such as Canada, on which rests the task of producing the tools of warfare.

Canada's war programme is now reaching proportions which would have been inconceivable a few years ago. Total Dominion Government expenditures for the 1942-1943 fiscal year have been estimated at around $3.5 billions. For the 1938-1939 fiscal year, they were slightly over one-half billion. Canada has accepted the challenge.

How she is meeting it offers, in itself, a challenge to the chronicler. In this monthly survey, Production on Parade, The Financial Post will record Canada's progress in making good her pledge to free men everywhere.

These monthly reports will give the cumulative picture of the objectives set; of the ambitions and problems of industry in moving towards these objectives. They will relate the changes which our life is undergoing; which are remoulding our civilization.

Each supplement will stress one phase of Canada's war effort, but not to the exclusion of all the other phases.

With this, the first issue, aircraft production is on parade.

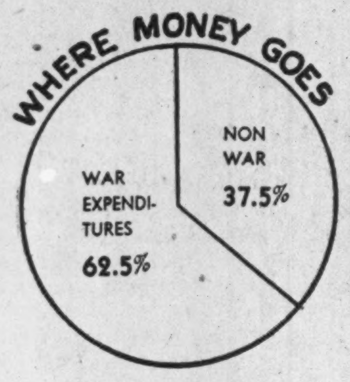
THE PICTURES

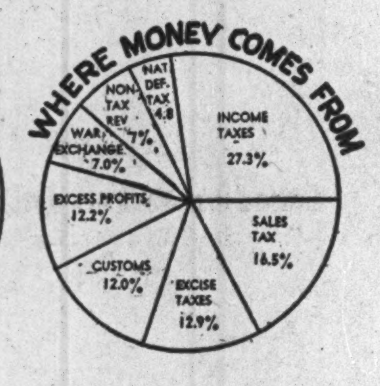
(Above) Bolingbroke bombers streak on an errand of destruction.
(Left) Production of training planes at a Canadian aircraft plant.
(Right) The R.C.A.F. flag is one of Canada's proudest emblems.

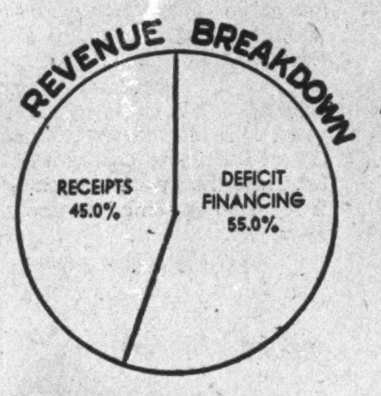
Photos: R.C.A.F. and Public Information.

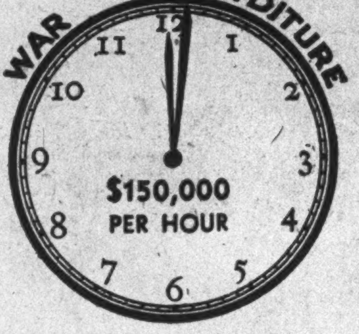
Graphic Record of Canada at War

Herewith Are the Obtainable, Publishable, and the Latest Facts About the Main Items of Our War Production, About Our Armies and About Our War Finances









Armed Services

Serving outside Canada, in three arms, over 150,000.
Voluntarily enlisted for service anywhere:

Navy	over 27,000
Army	over 260,000
Air Force	over 100,000
Home Defense	over 155,000

Fighting Vehicles

Tank production started June, 1941.
Government promises 200 medium tanks a month at cost of $90,000 each "early in 1942."

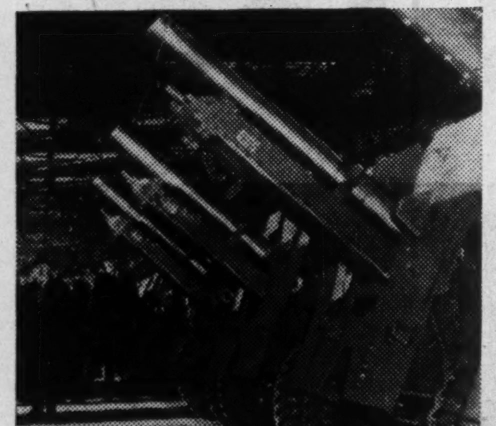
Mechanical Transport

Over 1,500 Universal Carriers already delivered.
Now being produced at rate of over 400 per month.
Over 150,000 vehicles of all types produced by Canadian auto industry.
Deliveries continuing at rate of "thousands monthly."
Armored scout and reconnaissance cars, Canadian design, production to be "hundreds per month" early in 1942.

Guns and Small Arms

1942 quota:

Anti Aircraft	4,800	Bren	224,000
Field Guns	6,000	Trench Mortars	4,800
Naval	1,800	Lee Enfields	200,000



Canada now producing more than 10 types of complete heavy guns.
Production of Vickers M. G.'s, Boys anti-tank rifle and Sten sub-machine guns starting.
Browning M. G. at rate of "thousands a month" in early 1942.

Shells, Explosives Etc.

Produced, 9 million shells.
Present capacity, 1.2 million units monthly, 20 sizes.
Explosive capacity to fill 1 million complete rounds, 700,000 projectiles and 700,000 cartridges per month in 1942, plus filling for bombs, depth charges, mines and fuses.
Small arms ammunition capacity 50 million rounds a month, to treble in 1942. Includes ball, tracer, incendiary and armor-piercing bullets, in four calibres, five more to be added.
Wide range of explosives made, 150 million lb. delivered, monthly 1942 capacity to be 70 million lb.

Aircraft

Manufactured or assembled in Canada since war's outbreak about 5,000 aircraft.
Present production rate, 40 per week.
1942 production to be concentrated on seven types.

Ships

58 small boatyards across Canada making assorted craft, rowboats to torpedo boats, in $10.5 millions programme for R.C.A.F., R.C.N., Canadian and British Army and British Air Ministry.
17 major shipyards with contracts for
- 135 corvettes (about 100 already built)
- 153 cargo boats (7 built)
- 85 minesweepers (59 built)
- Two destroyers (none built)

War Expenditure

Total spent to date, $3.2 billions. Of this —
- $1.7 billions for Canadian account;
- $1.3 billions for U. K. account;
- $132 millions on other account.

Estimated 1942 war outlay, $2.3 billions.
Estimated 1942-1943 budget, $3.5 billions.

HISTORY IN THE MAKING

Under the veil which screens war-time activities, Canada's industrial history is being made. The face of the land is being changed, and this Dominion is becoming a far more potent factor in world affairs.

Here is a new unit, a vital factor in Canada's war effort, recently erected by Hamilton Bridge.

In the brighter days ahead, when the clouds of War have gone, you will find the Hamilton Bridge Company carrying on, always in the service of Canada and Canadian industry, in those places where our experience and resourcefulness are needed most.

HAMILTON BRIDGE COMPANY LIMITED
ENGINEERING • FABRICATION • ERECTION
HAMILTON, ONT. VANCOUVER B. C.

British Columbia Boosts Production

Primary industries of British Columbia established new records in 1941. Statistics prepared by the provincial government place the total at $275 millions, comprising the output of forests, mines, fisheries and farms. This represents a gain of $49 millions over 1940.

Lumber and pulp and paper mills coupled with plywood factories and related forest industries, swelled the total by $120 millions, an increase of nearly $18 millions during the year. Mining contributed $75 millions, about the same as last year. Despite an unfavorable season, agriculture accounted for $55 millions, an advance of $4 millions. Fisheries production was rated at about $25 millions, or $4 millions higher than in 1940.

WE ARE ALL IN THE FRONT LINE OF THE BATTLE OF PRODUCTION

WINGS OVER CANADA

IN THIS THE NEW YEAR, WHEN THE THREAT TO OUR "CANADIAN WAY" IS VERY REAL, LET IT BE OUR RESOLVE TO SEE THAT THE ONLY SHADOWS OVER CANADA WILL BE OUR

WINGS FOR FREEDOM

To the officers and men of the Royal Canadian Air Force
To our many Sub-contractors throughout Canada
To Canadians everywhere . . . We give you our pledge

NOT A DAY SHALL BE LOST: NOT AN HOUR WASTED: NOT A MINUTE IDLED AWAY. WE WILL DELIVER THE GOODS.

BOLINGBROKE FIGHTER-BOMBERS
In quantity production

FAIRCHILD AIRCRAFT LIMITED, LONGUEUIL, QUE.

Aircraft Industry Meets New Challenge

Canadian Production Now Centered on Seven Types

In two short but eventful years, when material and man-power were at a premium, the Canadian aircraft industry has expanded its personnel over 30 times, and its production over 50 times.

To put it another way, the industry today is producing more planes per week than it produced in a pre-war year.

Few industries have ever come near equalling this record. It represents the most dramatic episode of Canada's wartime industrial story. More than this—it will leave its indelible mark on post-war Canada. It is an episode well worth some study by every Canadian.

Production plans, if actually executed, will make current figures obsolete in a year or two, as they are on actual production, not paper plans.

Despite these impressive production figures, the vigorous young industry is only now beginning to receive any large degree of discipline or unity of purpose. This is taking the form of concentrating on a few models instead of the 15 or so previously in production. Instead of spreading its energies thin over 15 different types of planes, the industry today is limited to seven.

In the past, Canada has produced the following planes:

Elementary Trainers

Fleet 16B; Tiger Moth; Menasco Moth.

Advanced Trainers

Fleet 60; Harvard; Anson.

Service Aircraft

Shark; Delta; Grumman; Lysander; Norseman; Stranraer; Hurricane; Bolingbroke Hampden.

Now, under the policy of concentrating production on a few types, the following seven types are to be made:

Fairchild Freshman, built by Fleet;

Harvard, built by Noorduyn;

Canadian "Anson," by Federal Aircraft;

Bristol "Bolingbroke," by Fairchild;

PBY "Catalina" by Boeing and Canadian Vickers;

"Lancaster," built by National Steel Car, and Canadian Car and Foundry;

A secret plane, being made by de Havilland.

Some Dislocation

This important new policy of concentration, while generally accepted as essential to efficiency, has not been achieved without serious dislocation in some places. For example, replacing of the Martin B-26 with the Lancaster four-engined bomber at the Malton plant of National Steel Car Corp. virtually nullified the work of months spent in tooling up for the proposed Martin order. The industry will have to operate at high speed to make up this loss in man-hours. It is claimed that military advantages offset this economic dislocation, however.

At the present time, according to official figures, the total number of training planes on order in Canada is 5,046. Total number of service-type planes on order—some of which will be retained in Canada for defense, but most of which will be sent to Great Britain and her allies—is 3,144, making a total of planes on order of 8,190.

Trend to Heavier Planes

By the end of this year, the industry hopes to have 10,000 planes in the air, of which 80% will be from its own plants. The emphasis now is expected to be on advanced trainers and service-type planes, rather than elementary trainers. This is a continuation of the trend which has been going on since the collapse of France. Prior to this collapse, the Canadian public was still thinking of plane manufacture in terms of "scores," perhaps hundreds, certainly never in thousands. The thought of Canada making bombers or fighters along mass production lines was little dreamed of. Now such a development is no longer a dream. It is an accomplished fact.

Here is the situation at the major aircraft plants in Canada:

National Steel Car Corp.

Within the next year, the Malton plant of National Steel Car Corporation Ltd. is expected to jump its payroll from 3,300 to 8,000. Floor space is being more than doubled, with an objective of 750,000 square feet. This plant is to build the new British plane, the Lancaster four engine, 30 ton bomb carrier. To make way for this new production, plans for the manufacture of the Martin B-26 "Flying Torpedo" have been abandoned.

Floor area (present) 350,000 square feet.

Floor area (anticipated) 750,000 square feet.

Employment (present) 3,300.

Employment (anticipated) 8,000.

Can. Car & Foundry

Canadian Car and Foundry is co-operating with National Steel Car on the production of the Lancaster. With plants at Ft. William, Montreal and Amherst, N.S., this company is at present the largest in the field, with a total floor area of 838,500 square feet.

Floor area [illegible]8,500 square feet.

Employment 8,400.

Boeing Aircraft

Boeing Aircraft of Canada Ltd., with plants in Vancouver, has more than doubled the number of its employees since March of 1941. Orders on hand total $10.5 millions, excluding overhaul work. The company has a big contract for production of the P.B.Y. Catalina.

Floor area 392,400 square feet.

Employment 2,600.

Annual payroll 4 millions.

De Havilland Aircraft

De Havilland Aircraft of Canada Ltd., is working in two 10 hour shifts, manufacturing the Tiger Moth Elementary Trainer and Avro Anson fuselages for the Air Training Plan as well as a secret type of aircraft referred to above.

In addition to delivering Tiger Moths far ahead of the government's schedule, De Havilland has produced a quantity of Menasco-powered Moths which are serving as radio trainers.

Floor area 400,000 square feet.

Employment 2,400.

Fleet Aircraft

Fleet Aircraft has been building fuselages for the Handley-Page Hampden having a total order of 80 for these, in addition to the Fleet 16 Trainers. Production is now getting underway on a government order for the Fleet 60. It is reported that following delivery of the first production model of this type a number of small modifications required by the R.C.A.F. delayed production temporarily but steadily increasing deliveries are now expected and the rate of one per day is the objective of the near future. Fleet's next assignment will be manufacture on the license of the Fairchild M-62 Elementary Trainer.

Floor area 160,000 square ft.

Employment 1,830.

Ottawa Car & Aircraft

Ottawa Car and Aircraft Ltd. which two years ago employed 200 workers, largely in the manufacture of street cars is now turning out millions of parts for aircraft and has a personnel of 2,000 employees. Before the end of the year the company expects to fill orders for parts entering into the assembly of 160 Hampden Bombers, together with 100 wings and assembly for Avro Ansons. Under present orders, production of Hurricane parts will extend into the Spring. Backlog is reported as being now about $3 millions.

Floor area 250,000 square ft.

Employment 2,000.

Noorduyn Aviation

At the Noorduyn Aviation Ltd. plants near Montreal total of Harvard orders is 1,010 with an addition of about 20 per cent in the form of spare parts. Orders for the Norseman amount to 75 aircraft. Average Harvard production during 1941 has been ten a month. This is scheduled to increase steadily in 1942.

Floor area 225,000 square ft.

Employment 3,200.

Fairchild Aircraft

Fairchild Aircraft Ltd. during the next two years plans to continue all-out production of Bolingbroke Bombers. The company has orders from the Department of Munitions and Supply to be delivered to the R.C.A.F.

Employment 4,300.

Weekly payroll $131,715.

Canadian Vickers Ltd.

The aircraft division of Canadian Vickers Ltd. is now well advanced on tooling for large scale production of the long range Amphibians, Consolidated Catalinas. The company delivered the last of the 40 Stranraers made for the R.C.A.F. last November, four months ahead of schedule. The first Consolidated P.B.Y. is scheduled to be finished sometime early in 1942, in the meantime the company will of course continue uninterrupted production on important subcontracting such as production of engine mounts for the Ansons and parts for the Bolingbrokes.

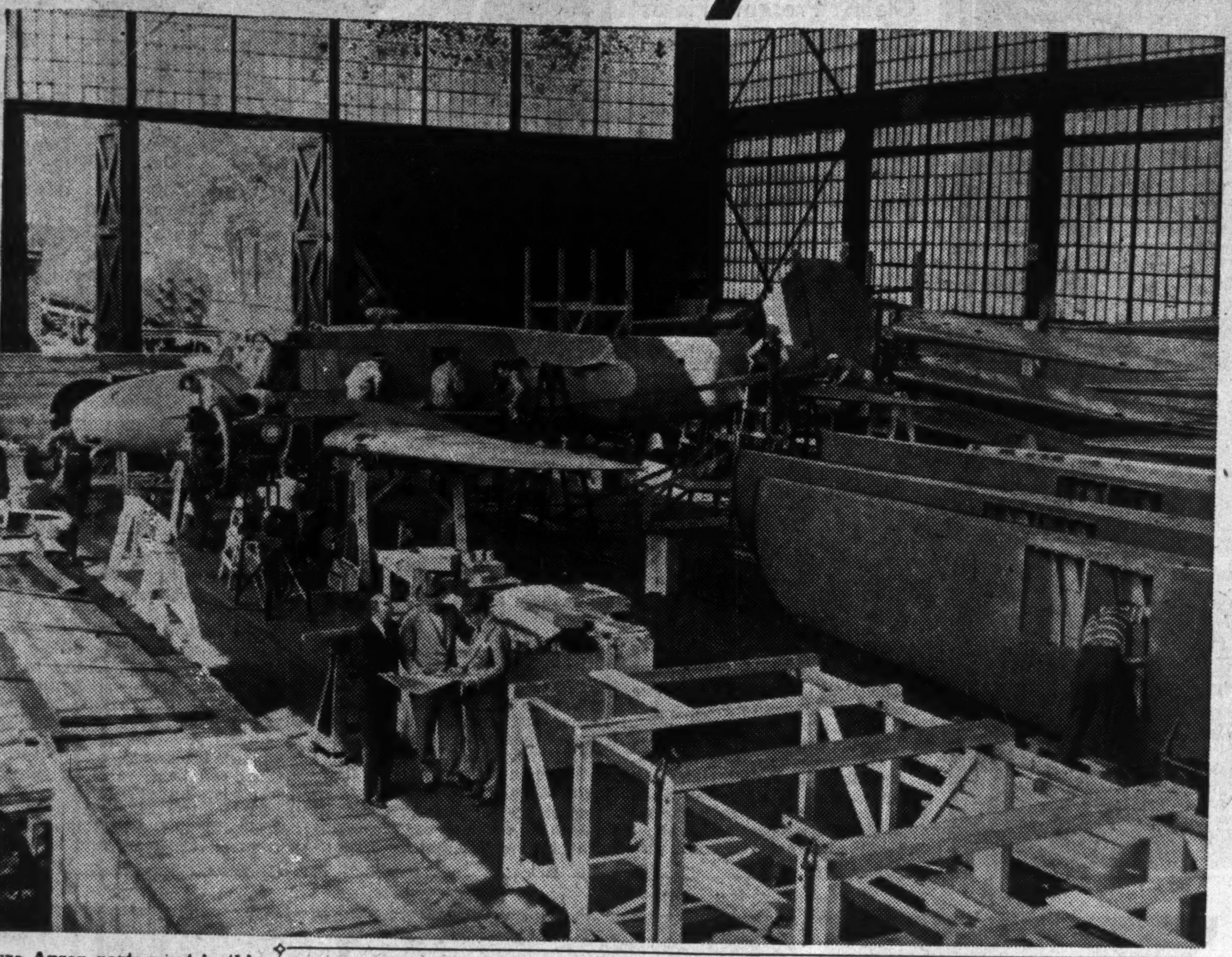
Floor area 300,000 square ft.

Employment 2,200.

Federal Aircraft

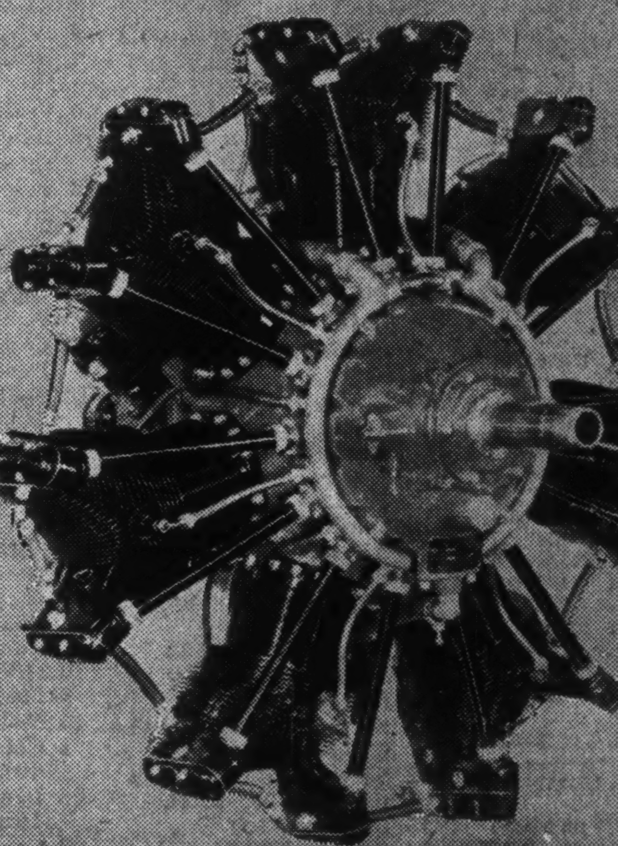
One of the most striking developments in Canadian warplane production was the establishment in 1940 of Federal Aircraft Ltd. as a completely government-owned organization to supervise the production of Avro Ansons—a twin-engined, low wing monoplane designed for reconnaisance and training. By the end of 1942, Federal Aircraft expects to have supervised the production of well over 1,000 planes with a spares replacement varying from ten to 50 per cent.

The big job facing Federal was co-ordinating the production and assembly of the Anson to relieve pressure on Britain.



Avro Anson parts meet in this section of a Montreal aircraft plant for final assembly before the twin-motored craft are sent aloft on their test flight. They are used in the training of bomber pilots.

Pilots for Democracy



For some years the largest producer in the United States of commercial aircraft engines in the 200 to 400 horsepower range, Jacobs Aircraft Engine Company has so effectively stepped up production for defense that during the last half of 1941, each month's engine output exceeded the output for the full year 1940.

And now another Jacobs plant is under construction, which calls for additional working forces substantially greater than the present total.

Since early 1940 Jacobs has been answering the ever increasing demand for engines to train pilots for the United States Army and British Commonwealth Air Forces—from single-engine primary through twin-engine advanced training.

Jacobs will continue to meet the call of the United Nations.

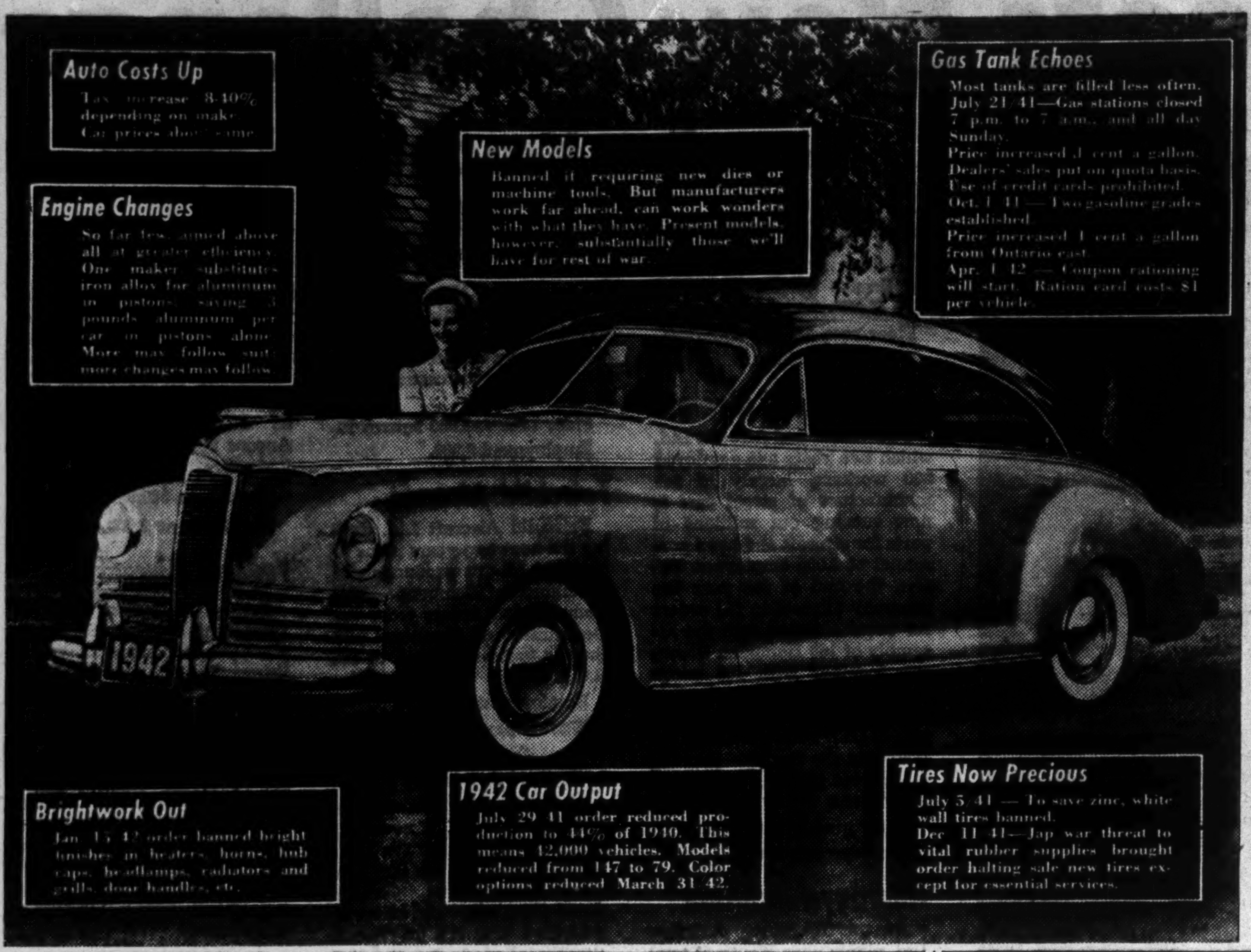
JACOBS

AIRCRAFT ENGINE CO.

POTTSTOWN, PENNSYLVANIA, U.S.A.

CABLES: JAECO

Calendar of Motor Car Restrictions



Colombian Oil Output Shows Decline

Claim Present Fields Have Been Fully Drilled —Need New Areas

Production of crude oil in Colombia declined last year and, according to the Oil and Gas Journal, "unless new fields are discovered oil production of Colombia may be expected to continue to decline."

At present there are three main producing fields in Colombia. Two of these, the Infantas and LaCira, are in the DeMares concession developed by International Petroleum Co. The other is the Petrolea structure in the Barco concession being developed by Shell interests.

From Jan. to Sept., 1941, crude oil production from the DeMares field totalled 15.1 million bbls., a drop of 1.5 million or 8.9%, from the corresponding period of 1940. Deliveries of oil through the pipe line of Andian National, a subsidiary of International Petroleum Co., amounted to 13.3 millions bbls. during the 1941 period, a drop of 9.2%, or 1.4 million bbls., from the corresponding months of 1940. The Barco field has shown a corresponding drop.

Fields Delimited

According to the Oil and Gas Journal:

"The crude oil production decline is explained in part by the fact that the three producing fields mentioned have been completely drilled and delimited. According to a report of the Ministry of Mines and Petroleum, no drilling has taken place on the Infantas structure since 1932. The latter now yields about 18% of the DeMares concession production. LaCira structure has been completely drilled and delimited. No drilling has taken place since April of this year. This field yields the balance, of 82% of the 21 million bbls. which are produced yearly by the DeMares concession.

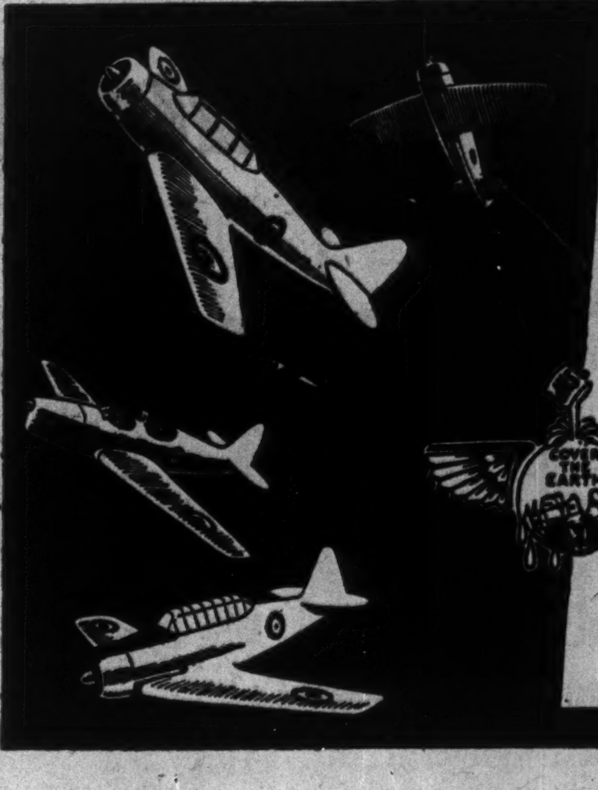
"On the Infantas structure, 470 wells have been drilled and on the LaCira, 681. In the Infantas field, 285 wells are on the pump and three were flowing. In the LaCira, 460 wells are on the pump and 62 flowing as of July 1 this year."

Importance of the existing oil fields to the revenues of Colombia is shown by the fact that the Department of Santander, where the DeMares concession is located, got 25% of its total revenue from oil royalty payments.

Legal Barriers

Drilling on privately owned oil lands in Colombia, amounting to approximately the same amount as the national land under contract for oil exploration, has been paralyzed due to a legal situation, it is declared. Two basic laws, require that, before drilling can be done on privately-held oil lands, proofs of titles showing the land left the patrimony of the nation prior to Oct. 28, 1873 must be presented. Cases are said to be on record where the Colombian courts have been reviewing these such cases for three or more years and have not yet decided them. Any decision may be contested by either party by a process which takes not less than five years before it is decided. In addition, the government argues that it is morally obliged to contest all conditions which are of interest to the nation.

"The consequence is," states the Oil and Gas Journal, "that no operator dares to drill a wildcat on private oil property until it is clearly established who is the owner of the oil which may be found."



SHERWIN-WILLIAMS
AIRCRAFT FINISHES
Approved by:
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THE SHERWIN-WILLIAMS CO. of Canada, Limited
A Coast-to-Coast Service!
HALIFAX, SAINT JOHN, CHARLOTTETOWN, QUEBEC, ROUYN, MONTREAL, OTTAWA, KINGSTON, TORONTO, HAMILTON, BRANTFORD, KITCHENER, STRATFORD, WINDSOR, FORT WILLIAM, WINNIPEG, REGINA, SASKATOON, CALGARY, EDMONTON, VANCOUVER

How the War Contract Money Has Been Spent

Since July 14, 1939, the Department of Munitions and Supply has let contracts worth over $3.2 billions for Canadian, United Kingdom and other accounts.

Actual awards from July 14, 1939, to Dec. 31, 1941, by classes were:

Contracts placed, including plant extensions, for Canadian account (x)	$1,721,122,930
Contracts placed by Civil Aviation Division for Airport Construction under the Air Training Plan (x)	33,000,000
Contracts placed and commitments made on U.K. account for "stores" and under the plant extension programme, together with orders for output of plants	1,315,262,000
Contracts placed—other account	132,017,559
Total	$3,201,402,489

(x) includes contracts awarded under the Air Training Plan, some of which are chargeable to other Empire countries.

What Money Went For

War has meant orders finding their way into practically every nook and cranny of Canadian business. Total purchases on Canadian account from July 14, 1939 to Dec. 31, 1941, classified by commodity groups, were:

Aircraft	$344,207,522
Alloys and metals	7,075,639
Barrack services	2,679,402
Beds and bedding	17,795,072
Chemicals and explosives	1,736,010
Clothing	119,066,004
Constn. and defence projects	161,288,018
Dockyard stores	11,625,837
Electrical equipment	29,571,100
Fire fighting equipment	4,572,865
Foodstuffs	43,106,102
Gasoline, oil and fuel	36,105,054
Hardware	2,732,954
Instruments	25,616,408
Kitchen, dining room equipment	7,278,796
Land transport	113,760,618
Lumber, bldg. supplies	22,341,460
Machinery	15,009,461
Medical, dental stores	5,495,963
Munitions	62,376,773
Office furniture, equipment	3,234,803
Ordnance	225,477,078
Paints, paint supplies	1,767,135
Personal equipment	15,547,612
Photographic equipment	1,127,380
Sanitary supplies	2,534,315
Shipbuilding	231,873,965
Tents, canvas goods	2,890,969
Tools	4,231,177
Unclassified	4,812,093
Estimate of additional contracts not yet recd.	32,787,025
Total	1,559,724,630
Capital assistance contracts	161,398,300
GRAND TOTAL	1,721,122,930

Since start of the war a steadily rising tide of orders has flowed to Canadian business. Average number of contracts awarded per month during the past two years has been:

	Average Contracts Let Per Month
1940	
1st quarter	1,901
2nd quarter	4,051
3rd quarter	8,315
4th quarter	8,737
1941	
1st quarter	7,905
2nd quarter	13,231
3rd quarter	14,734
4th quarter	16,805

Replaced by Women

One of the great problems of the Canadian chartered banks under war conditions and one likely to increase in gravity during 1942, is that of staffs. In a survey recently made by The Financial Post it was estimated as at September 30 last about 20% of the pre-war male staff of the ten chartered banks combined had enlisted in the three armed services.

This has resulted in a large number of women being employed to take up the slack.

Aircraft Traffic Climbs by 29%

Passengers carried by air lines in Canada in September totalled 18,612 and passenger miles 5,596,803, an average passenger journey of 300 miles.

Total of passengers carried in September was 7.4% below August. From January to September inclusive, 135,922 revenue passengers were carried compared with 105,015 in the same period of 1940, a gain of 29%.

Revenue freight by air in September increased to 1.4 million lb. and totalled just over 11 million lb. for the first nine months of 1941 compared with nine and a third million lb. in the same period of 1940, an increase of 18%.

Mail carried by air in September totalled 272,062 lb. against 282,615 the previous month. The nine months total last year was 2.4 million lb. against just under two million for 1940.

Here is What We Get For $10.5 Millions on Small Boat Plan

2 Gate Vessels, 107 ft.	12 Wood Skids, 51 ft.
2 Cape Island Boats, 50 ft.	9 Supply and Salvage Boats, Seine Type, 84 ft.
3 Pinnaces, 65 ft.	6 Crash Boats, 70 ft.
1 Water Scow, 51 ft.	3 Battle Practice Targets, 108 ft.
1 Motor Launch, 40 ft.	1 Practice Target, 42½ ft.
1 Steel Tug, 40 ft.	112 Whalers, 37 ft.
1 Aircraft Tender, 26 ft.	11 Scows, 50 ft.
6 Scows, 16 ft.	11 Refuelling Scows, 56 ft.
6 Plywood Dories, 15 ft.	240 Collapsible Assault Boats, 12 ft.
10 Practice Targets, 21 ft.	18 Special Minesweepers, 105 ft.
4 Ammunition Lighters, 79 ft.	2 Wooden Gate Vessels, 100 ft.
2 Provision Lighters, 55 ft.	3 Practice Targets, 85 ft.
24 Rowboats, 15 ft.	1 Skiff Dinghy, 14 ft.
6 Armored Target Boats, 40 ft.	13 Rowboats, 14 ft.
12 Motor Torpedo Boats, 70 ft.	1 Diesel Target-towing Boat, 95 ft.
15 Crash Boats, 38 ft.	4 Towing Targets, 31 ft.
20 Aircraft Tenders, 18 ft.	10 Derrick Scows, 50 ft.
37 Bomb-loading Dinghies, 18 ft.	3 Lifeboats, 16 ft.
3 Diesel Launches, 35 ft.	44 Motor Vessels, 112 ft.
2 Steel Launches, 30 ft.	1 Gate Attendant Vessel, 40 ft.
249 Pulling Boats, 16 ft.	36 Drop-keel Dinghies, 10 ft.
1 Service Boat, fish packer type, 60 ft.	25 General Utility Harbor Tugs, 46 ft.
2 Service Boats, fish packer type, 45 ft.	10 Harbor Patrol Craft, 48 ft. 8 in.
15 Cutters, 32 ft.	
84 Service Dinghies, 16 ft.	
6 Rescue Launches, 65½ ft.	

Money Still Pours Out To Speed Air Might

While heaviest construction work in the development of our air power now appears fairly well complete, a steady flow of smaller contracts continues. In total, their dollar value is important.

In a recent typical week the following contracts were let. Tabulation shows the approximate cost, type of construction, approximate completion dates [illegible]

Service Flying Training School, Moncton, N.B.
$9,000—Wood Construction—February.

Service Flying Training School (CWAAF), Hagersville, Ont.
$5,000—Wood Construction—January.

Service Flying Training School, Penhold, Alta.
$9,000—Wood Construction—April.

Elementary Flying Training School, DeWinton, Alta.
$10,000—Wood Construction—February.

Service Flying Training School, Calgary, Alta.
$8,000—Wood Construction—February.

Service Flying Training School (CWAAF), Dunnville, Ont.
$5,000—Wood Construction—Immediately.

SEVEN GREAT PLANTS PROVIDING
THE MOST COMPLETE FACILITIES FOR AIRCRAFT PRODUCTION IN NORTH AMERICA

Time and again the lesson has been brought home to the freedom loving nations that final victory rests upon command of the air.

Canadians have reason to be proud of the part the Dominion is playing in the world struggle for air supremacy, essential to final victory. It may be news to many, however, to learn that a Canadian company leads all others on this continent in self-sustained facilities for the construction of aircraft from drawing board to airwaves.

The Canadian Car and Foundry Co., Limited, through its wholly Canadian chain of plants, is equipped to design its own planes, forge many of the castings required, build the engines, propellers and landing gears, construct the fuselage and wings, and assemble the completed plane with less dependence on outside suppliers than any other company under one management in North America.

In addition, the various units of the Company at key points across Canada are independently equipped to service airplane motors, and carry out maintenance work on the planes themselves.

These facilities are, and have been since the war started, wholly devoted to turning out speedy Hawker Hurricanes, Avro Ansons and other types of aircraft and material urgently required for the successful prosecution of the war. They will continue to be so employed until victory is achieved when they can once more return to the service of civilian and commercial flying.

THE CANADIAN CAR & FOUNDRY CO., LIMITED
621 CRAIG STREET WEST MONTREAL

Aircraft Maintenance

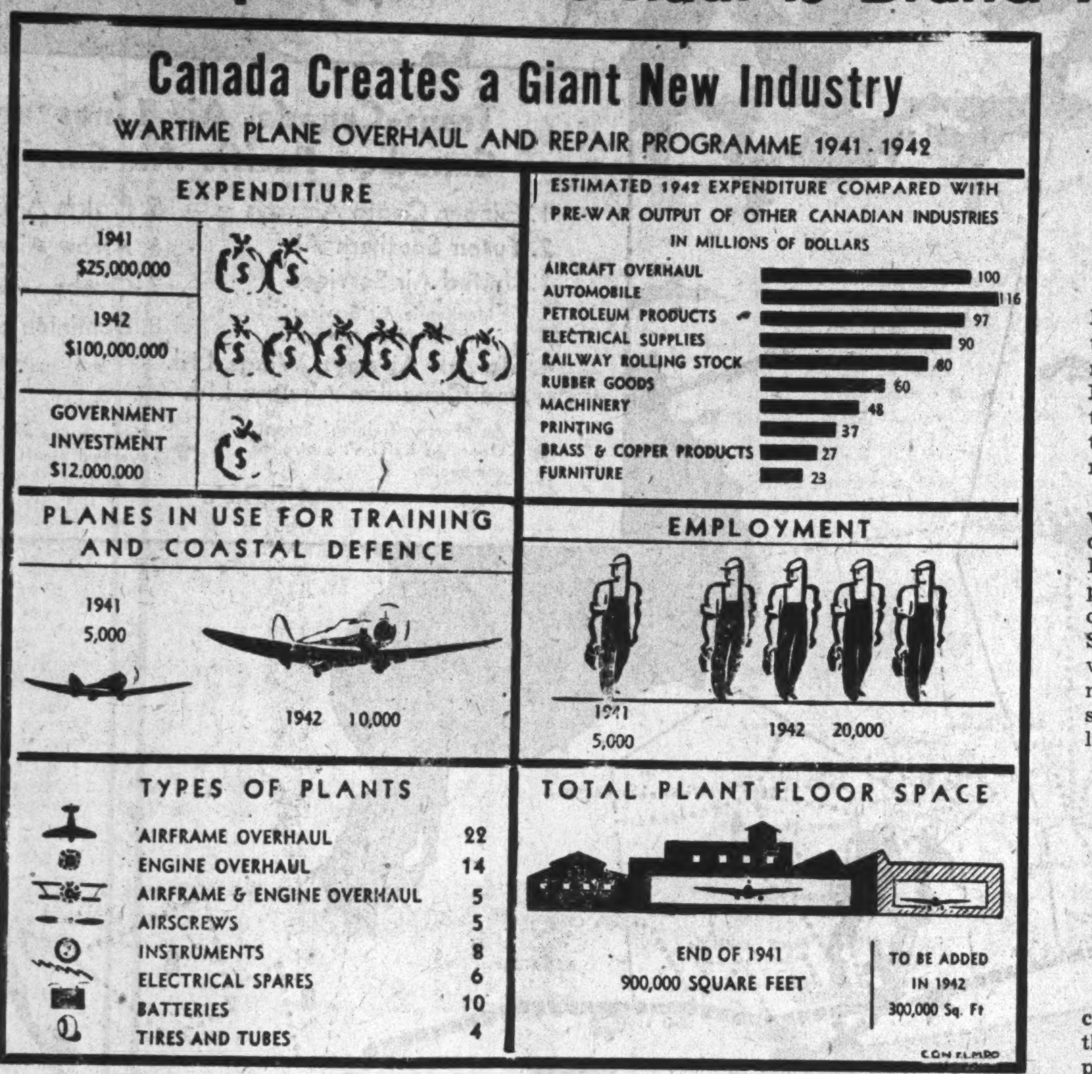
Keeping The Airplanes Flying

Airplane Overhaul is Brand New $100 Millions Business

Growth of Canada's airplane manufacturing industry has been one of the outstanding developments of the war.

Younger but almost as lusty a member of the war industry family is the companion business of overhauling, repairing and keeping in operation, the aircraft actually in use. Although only recently recognized and organized as a separate branch of war industry, it is already in the class of big business.

In 1941 it handled more than $25 millions worth of work. In 1942 it is estimated the figure will probably reach $100 millions or more. This compares with a pre-war output of the Canadian motor car industry of $116 millions. It is about two-thirds of the value of the entire 1941 Canadian wheat crop and exceeds the value of the pre-war Canadian output of petroleum products. The $100 millions figure is just four times that for 1941, showing how rapidly the volume of business has expanded.



20,000 Employed

Similar growth is shown by the industry in other directions. In 1941 the number of employees was 5,000. By the end of 1942, it is estimated this will have increased to 20,000, maybe more. In some cases estimates as high as 50,000 have been made.

The plants where the work is done are scattered across the country from Halifax to Vancouver. They represent an investment, according to the latest official figures of $13 millions government money and $1 million private money. Accordingly the enterprise is mainly a government one although being carried on in close co-operation with private firms. In some cases the government has built the plant and then turned it over to private firms to operate in conjunction with manufacturing.

Floor space at the end of 1941 was 900,000 square feet. It is e pected another 300,000 square feet will be added this year. This additional space is more likely to exceed the estimates than to fall below it.

R.C.A.F. Helps

The overhaul and repair division, therefore, operates under the Aircraft Production branch of the Department of Munitions and Supply. It also works in close co-operation with the R.C.A.F. which keeps a record of all aircraft at all times and in all positions, and attends to a certain extent to current maintenance and repair of planes and engines. Distribution boards at R.C.A.F. headquarters tell at a glance the location of each aircraft and engine according to make, number and condition. The overhaul division, therefore, appears to be complementary to the ordinary maintenance work of the R.C.A.F.

Its operations are under the direct supervision of A. K. Tylee, Supervisor of Overhaul and Repair. A. G. Sims, chief technician, is technical adviser to the aircraft division on engines and propellers while T. W. Siers is chief technician for airplane overhaul.

The overhaul industry of necessity grew almost overnight with the rapid developr of plane production and the Empire Air Training Plan in Canada. In 1941 some 5,000 planes were in use in Canada for training and coastal defense.

Preliminary estimates place this number at 10,000 for 1942. In some quarters it is claimed this number will be required for training purposes alone with the addition of such increase in planes for defense purposes as may be found necessary. Each of these planes will require overhaul and a certain amount of repair work during the year.

An important factor affecting the amount of work involved is that, in addition to the large number of planes, it includes a substantial number of different types of both frames and engines and horsepower ranges of engines, each requiring special knowledge and special attention.

Inspection Regular

You can't take chances with an airplane. To ensure it is in serviceable condition, there must be periodic inspections. There are also always a certain number of running repairs to be made. Apart from a routine inspection every aircraft and engine which has completed a specified number of hours in the air must be completely overhauled. This number of hours varies according to the type of plane and engine. It ranges between 400 and 700. The overhaul must be a complete job. The engine for instance must be dismantled into the smallest component parts. Surfaces and soundness of every part must be thoroughly inspected and tested. Any part that does not come up to requirements must be replaced. The re-assembly of the engine and other parts must be carefully done.

Overhaul of the body of an aircraft in the case of fabric covered models, for instance, requires the fabric to be removed. All parts of the frame have to be tested, the covering replaced and the whole subjected to flying tests.

Plane Casualties

Then there is the work of rebuilding and re-conditioning planes that have been seriously damaged. When thousands of men are being trained with thousands of planes used in air-training flights, aircraft casualties are bound to happen. These range all the way from minor damage which possibly does not affect the flying efficiency of a plane greatly, to engines and planes so badly injured that only a few spare parts can be salvaged. With the need of plane production as urgent as it is, loss of no serviceable part of a damaged plane can be allowed.

Spare Parts Precious

This question of spares is receiving a great deal of attention especially in the case of parts not available from the Canadian manufacturers. The work of keeping an adequate supply of spare parts on hand is a business in itself, requiring intimate and thorough knowledge of all kinds of aircraft. In different types of planes, the demand for spare parts may show considerable variation.

An example of this is one type of training plane which, whenever it loops, is more likely to damage the left wing than the right, in the approximate ratio of seven to one. Hence a store of spare parts for this plane will have seven times as many left wings as rights.

The number of plants in which this overhaul work is done is 29 according to the latest official figures. It is probably greater now. Work is divided among different plants. Some do more than one type of work. Others only one. The number of plants fitted to do special kinds of work is as follows:

Airframe overhaul	22
Engine overhaul	14
Airframe and engine overhaul	5
Airscrews	5
Instruments	8
Electrical spares	6
Batteries	10
Tires and tubes	4

These plants are not all under civilian management. One of the largest engine overhaul plants in the country is the No. 6 R.C.A.F. Aircraft Repair Depot which is entirely a service organization. Its main work is to give complete overhaul to Rolls-Royce Merlin aircraft engines.

Linked With Factories

Some of the overhaul plants are operated by manufacturing plants but are run as a distinct branch. Plants which have been built by the government but are being operated by manufacturers include the large plant at London, Ont., under the management of Fleet Aircraft. Then there is the plant at Vancouver operated by Canadian Wright Ltd. and British Aeroplane Engines Ltd. Boeing Aircraft of Canada also has a plant at Vancouver to handle airframes. Prairie Airways at Regina, Aircraft Repairs Ltd. at Edmonton and Canadian Pratt & Whitney Aircraft Co. at Montreal also have plants.

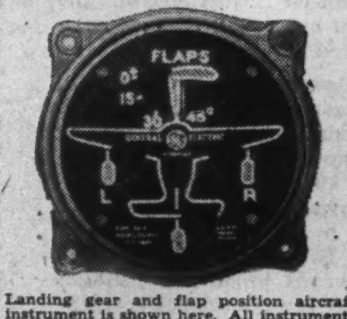
With an eye to the future, the aircraft branch keeps close watch on the capacities of all airplane factories to ensure that all resources available for the overhaul repair and maintenance purposes will be utilized.

For Canadian-built bombers, Canadian General Electric is manufacturing instruments to indicate landing-gear and flap-position, rudder and elevator position, fuel level, engine rpm, oil temperature, manifold pressure, oil and fuel pressure.

The fifty years of experience Canadian General Electric has had in electric instrument building for industry enabled the Company to adapt itself readily to the manufacture of modern precision instruments for fighting aircraft.

A section of Canadian General Electric's aircraft instrument manufacturing department.

Canadian General Electric products include: Aircraft Instruments, Anti-Tank Gun Mounts, Anti-Aircraft Gun Mounts, Anti-Aircraft and Coast Defense Searchlights, Marine Engines, Generators, Transformers, Switchgear, Capacitors, Motors and Control, Electric Furnaces, Wire and Cable, Insulating Materials, Carboloy Tools and Dies, Electric Welding Equipment, Lighting Equipment, Wiring Materials.



Landing gear and flap position aircraft instrument is shown here. All instruments manufactured by C.G.E. are of the remote indicating type, using the D-C selsyn principle.

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Of course, war-time needs have first call on Hydro power. Furthermore—there must be a sparing use of metals and materials once commonly used in extending Hydro service. These are demanded in war industries—vital to victory!

New projects, new war plants with new machines for new production are on the way. Hydro must and will supply the power needed. To this end, Hydro earnestly solicits the co-operation of all of the people of Ontario.

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Canada asks—Buy More War Savings Certificates

THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

Air Lines Give Wings to Canada's War

Canada's war effort has been immensely strengthened and speeded by virtue of an organization that was built up entirely to serve peacetime needs.

This country's immense distances and sparse population, coupled with the growing development of wealth in our mining districts, often remote from large centres, all contributed to the development of civil aviation service of tremendous value in peacetime and of added value in wartime.

Long before the Trans-Canada Air Lines spanned the continent, a network of small, and often struggling, privately-owned companies was serving the Northland. So successful were they and such a need did their services provide that not so many years ago Canada led the world in pounds of freight moved by air. Even today this country still ranks second in this respect.

T. C. A. Starts

The came the decision to establish a commercial airway spanning the continent to carry passengers and mail on regular schedule.

The result was that first-class airports sprang up where none had been before. Radio facilities for aircraft were built and improved. Weather forecasting and reporting services were made available.

Without these services no aviation on a large scale could exist. But it was all done for peacetime work.

Taking Up War Burden

Since the war started this network of air lines has carried on with its peacetime job but to it has been added a tremendous share of the direct war effort. How important this is is hard to estimate and probably an official secret in any case.

But it is known that 75% of the passengers carried by Trans-Canada are travelling on business directly connected with the war effort. There is no secret about the fact that operations of this air line have cut three days off the time required to take a letter or a passenger, from Montreal to Vancouver. In an age when speed is the keynote and urgency has superseded peacetime deliberation, the existence of a trained and efficient air service across Canada has played an immense share and an excellent part in our accomplishments to date.

Twofold Service

The details of what these civil air lines have done to aid the war effort logically divide into two phases. On the one hand we have the Trans-Canada Air Lines, operated by the Canadian National Railway, hence owned and controlled by the Government of Canada.

On the other hand are perhaps eight or ten smaller air lines each serving a particular area and until recently under no unified direction or control. Establishment of Canadian Pacific Air Services, however, within recent months has changed this and absorbed these individual lines under one control.

Both Trans-Canada and the units now making up Canadian Pacific Air Services have played a part, and an important part, in the contribution which aviation is making to winning this war.

Perhaps first of all has been personnel. Since the war started each annual report issued by these companies has referred to the fact that many of their trained men have joined the Air Force. Many of them are active as instructors in the Commonwealth Air Training Plan. Others are on active service or in important administrative jobs.

One of the first and one of the biggest jobs taken over by the independent air companies has been the training of fliers. Operating under contract to the Dominion government, the independents train pilots and observers as part of the Commonwealth Air Training Plan. The air transport companies absorbed by the Canadian Pacific Railway have been operating training schools at Edmonton, Alta., Malton, Ont., and Cap de la Madeleine, Que., and observer schools at Winnipeg, and Portage La Prairie, Man., St. Johns and Lorette, Que.

T. C. A.'s War Work

H. J. Symington, president of Trans-Canada, reports that for 1941, 75% of the air line passengers are travelling on business directly connected with the war effort. He mentions that air express had almost trebled the total of 6,880 lbs. for the opening month of the year, and attributes much of this to expanding war production.

He states that the airport at St. Hubert near Montreal, formerly used by the company, is now given over entirely to military operations and a new airport for Montreal at Dorval has been opened to commercial operation. He points out that T.C.A. continues to overhaul flight instruments and metal propeller units for the R.C.A.F., to perform military aircraft overhaul at Toronto and service to military aircraft at its various plants across Canada.

In recent weeks, Trans-Canada has undertaken to overhaul aircraft engines and accessories under contract to the Department of Munitions and Supply. That Department is at present erecting, in Winnipeg, a large building in which the work will be performed.

Since the beginning of the war Trans-Canada has been giving close co-operation to the armed forces and has done much to link its own work with that needed by the Air Force. In 1940 its instruments shop at Winnipeg was doubled in capacity and was working full time to repair aircraft instruments. Flight personnel of the company assisted in the delivery of training aircraft purchased in the United States; in the ferrying of military and training aircraft between the different training depots in Canada; and in training civilian pilots proceeding overseas.

Aircraft Requisitioned

At a time when Canada was embarking on the Commonwealth Air Training Plan and a supply of suitable planes for training purpose was of vital importance, the authorities did not hesitate to draw upon the craft operated by the civil air services for their needs, nor did they find these unwilling to help. Many of the so-called "bush" lines were using aircraft which the air training plan could use in its training scheme. These were sold at fair values. Two of Trans-Canada's aircraft were requisitioned for war service last summer.

How great the contribution of the civil air lines has been to the war effort will probably never be measured in dollars. It has taken many forms.

It has meant drafting of trained personnel and the full-out use of facilities established for peace-time needs. It has aided in the rapid growth of the Commonwealth Air Training Plan through the supplying of instructors and the actual operation of training schools. It has been an important factor in what has been estimated as a $100 millions annual business in the repair and overhaul of the aircraft needed in this training plan.

The fact that first class airports were available, that radio facilities had been established and that weather reporting services were already doing an excellent job before the war, has meant that Canada could get into high gear in what is still regarded as its major contribution to winning this war, the Commonwealth Air Training Plan.

It may be true that the airplanes and personnel of these civil air lines remain an emergency reserve for wartime. But it is even more true that their continued operation is performing at least as great a service as they could if they were drafted directly into the Air Force.

Without these lines our communications would be slowed up tremendously. Our production of war materials would be hampered. It would no longer be possible to telephone or telegraph a man in Vancouver tonight and have him in Ottawa tomorrow for a conference. Overnight mail service across the country would have to end.

But all of these things are of great help in time of war. In the early days of the war there was pressure brought to bear on the government and the suggestion was widely made that the Trans-Canada Air Lines facilities should be drafted directly to war. The Government turned this down and, it appears, did so wisely. Instead it has made liberal use of the service and repair facilities offered by these air lines. It has converted a peacetime instrument to one of war. And it has done this without destroying the peacetime services which these air lines were primarily intended to perform.

Canadian Associated Makes Big Bombers

The monumental task of manufacturing 160 Handley-Page Hampden bombers for Great Britain in six Canadian aircraft plants and two special assembly plants was shouldered by Canadian Associated Aircraft in September, 1938. The first plane was officially test flown on August 9, 1940. The total order will soon be completed.

Modelled after the British "shadow" system of distributed manufacturing plants feeding components into central assembly stations Canadian Associated was formed shortly after the pre-war visit to Canada of the British Air Mission which surveyed production facilities here. It was a composite organization with Paul F. Sise as President and a Board of Directors which included a representative from each of the six aircraft manufacturing companies associated with C. A. A.

Thus, the original directorate was as follows: Paul F. Sise, president; L. J. Belnap, vice-president; G. R. Cottrelle, vice-president; Directors: V. M. Drury, Canadian Car & Foundry Co. Ltd.; J. E. Labelle, K.C., Canadian Vickers Ltd.; R. J. Magor, National Steel Car Corp. Ltd.; H. M. Pasmore, Fairchild Aircraft Ltd.; Redmond Quain, K.C., Ottawa Car & Aircraft Ltd., and W. J. Sanderson, Fleet Aircraft Ltd. L. C. Ord was general manager of Canadian Associated and H. J. E. Weller became chief engineer.

"The Flying Tadpole"

Popularly known as the "flying tadpole," the Hampden is notable for its extremely slender fuselage linking the centre section and the cabin with the twin tail assembly. It is powered with two Bristol Pegasus engines, has a maximum speed of about 265 m.p.h., and will carry a bomb load of about four and a half tons.

It has a wing span of 69 ft. 2 in. and a length of 53 ft. 7 in. Height of the plane, with the tail level, is 14 ft. 11 in. The armament consists of four guns. One of these, fixed, is in the pilot's cockpit. The second, also firing forward, is located in the nose and is movable. The other two are in the upper and lower gun cockpits respectively and fire backward.

The first job of Canadian Associated was to arrange for component manufacture by the associated companies and to build the assembly plants. The latter were constructed at Malton and St. Hubert airports, near Toronto and Montreal respectively. The set-up called for two production funnels, one feeding component production to each of the assembly plants.

Suffered Some Delays

Although actual production was delayed at various times by difficulties in getting materials from England, problems of translating English drawings and specifications to allow for American equivalents, etc. the first Hampden was officially test flown at St. Hubert airport on August 9, 1940.

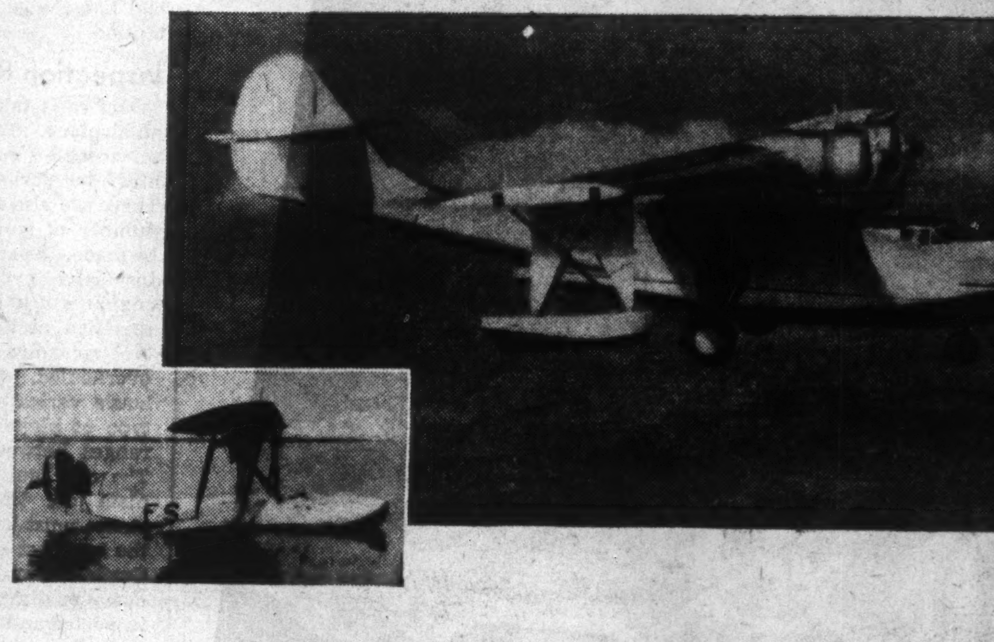
The original schedule had called for delivery of the first two Hampdens in December, 1939, but in July, 1940, this programme had to be revised, partly because of the difficulties mentioned above. On August 27, 1940, Canadian Associated received the second order for 80 Hampdens from the British Air Ministry, thus bringing the total order to 160 bombers.

The bulk of the Hampden order was cleaned up in 1941 as only eight had been shipped to England at the first of last year while now, a year later, relatively few are still to be completed on the order. This is considered to be a creditable achievement considering the difficulties of operating the "shadow" system in Canada and the pressing demands on some of the component manufacturers as they became more and more occupied with Canadian orders.

Following is the personnel of Canadian Association Aircraft:

President, P. F. Sise; Vice-president, L. J. Belnap; Vice-president, G. R. Cottrelle; Comptroller, L. A. Brooks; Ass't. Sec'y., C. E. Booth; Chief Engineer, H. J. E. Weller; Contract Supervisor, R. A. Smith; Ass't. Contract Supervisor, L. R. Ord; Material Supervisor, T. D. Lord; Purchasing Agent, Basil Nares; Superintendents, St. Hubert—E. A. E. de Pencier; Malton—E. H. Straite.

NEW ALTITUDES IN ACHIEVEMENT



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Wings at War

Japan's Strength in The Air

By RONALD A. KEITH
Editor, Canadian Aviation

Though vastly superior to Japan in air power, the United States is handicapped by the remoteness of her fighter and bomber power from the Philippine and Malayan conflict zones. The most promising prospect of battering her Oriental enemy seems to be the possibility of borrowing Russian bases in Siberia.

In this case, huge armadas of heavy bombers could be ferried over the Canadian airport chain to Yukon and on to Alaska, then directly across the Bering Sea. Operating from a relatively short distance, the American bombers would be able to carry devastating bomb loads. They could also count on escort protection from American fighters capable of shattering any Japanese fighter opposition with ease.

If deprived of Siberian bases, the American strategy might call for long-range raids from the Aleutian Island outposts. This would be a relatively hazardous and ineffective attack plan, for only the biggest bombers could make the return trip and then only with reduced bomb loads.

The Consolidated PB2Y2 flying boat, for example, has a maximum cruising range of 5,200 miles. From the Aleutian outpost of Kiska Island to Tokio, the air distance is about 2,200 miles, while the distance from Dutch Harbor is 2,900 miles. Thus, extra fuel tanks would be required for the return journey from Dutch Harbor, but normal loads could be carried from Kiska.

Such monsters as the Douglas B-19 or the Martin Mars, of course, could make return bombing missions to Japan even from Hawaii. The B-19 has a range of 7,750 miles, top speed of 210 m.p.h., and carries a load of over 20 tons. But unfortunately these giants are only in the experimental or prototype stage.

Still Only a Prospect

Thus, pending a possible Russian move to co-operate with the U. S., all-out bombing of Japan is only a prospect, not an immediate possibility. Encounters between Japanese and American aircraft will for some time be restricted to the present conflict areas in the Far East.

The question of how Nippon stacks up against the U. S. in air power has an important bearing on the future in the Pacific.

Although unable to match the United States in the quality and performance of military aircraft or in present and potential strength in the air, Japan should not be discounted as an air power. This conclusion follows from the evidence of international aviation experts who have studied the somewhat restricted information available on the development of Japan's military aviat'-n.

In practically every category of military plane, the U. S. can outmatch the Japanese. Pilot and ground crew training too finds Nippon outstripped in present personnel and potential.

Outdated Copies

But while most of the better-known Japanese military aircraft are outdated copies of American, British, Italian and German planes, the recent collaboration of German air experts probably has introduced newer and more formidable models.

Futhermore, the effectiveness of Japan's use of the air arm with the navy and the army testifies that the Pacific Axis Ally has applied the German "blitz" methods to air force reorganization.

The germ of Japan's growth as an air power was planted about 50 years ago when an American astounded the Land of the Rising Sun with a balloon ascension. Since then, Nippon has been striving valiantly but without success to become self-sufficient in the manufacture and use of the airplane.

Designs Stolen

Since the first World War, the European nations have been striving in competition to sell their aircraft to Japan. Slyly, the Japanese simply purchased one of each useful type then proceeded to copy them.

In 1936, the Japanese military air forces were rigorously reorganized and an official War Office communique of that year has a strange foreshadowing of the Nazi blitz technique.

"There will be created a virtually independent fighting organization. The expanded air force will lead the army in land operations."

During this same period, there is evidence of attempts to stimulate interest in gliding. Two leading Japanese papers offered a large cash prize for a successful glider flight from Tokio to Osaka.

23 Manufacturing

By 1938 there were at least 23 companies in Japan manufacturing components, accessories and complete aircraft. It was claimed that some 25 different types of commercial aircraft were being manufactured or developed.

Of recent years, the German influence in Japanese aviation has become increasingly pronounced. Yellow-skinned parachute troops already have been used in the Philippines. Before the Oriental war broke out, it was reported that Japan had launched a programme of parachutist training and that some 12,000 young men had volunteered for this service.

Numbers of Aircraft

According to one qualified observer, the Japanese army has 800 first line aircraft, with a reserve of 850 planes. The Nipponese navy, he claims, has about 600 flying boats and 400 carrier-based landplanes, with a second-line strength of 1,000 planes of all types.

These totals are not impressive in comparison with the American aircraft supply and capacity. During the first eight months of 1941, for example, the U. S. exported 3,639 aircraft, of which 75% were combat planes. Production of the U. S. industry this year will total approximately 20,000 planes and will rise to nearly 30,000 during 1942.

Although their planes are far outnumbered and the capacity of their plane plants is exceeded by the U. S., it would be folly to underestimate the Japanese.

An indication of their sincerity in the development and use of the air arm is the information that in the 1940 budget, 40% of Japan's colossal military expenditure was allotted to aviation.

Personnel

Obviously the man power strength of an air force is restricted by the number of aircraft available. Thus, it is claimed that the Army Air Force numbers about 220,000 entrained pilots. The comparable Air Force in the United States has about 30,000 flying officers and cadets in training. The U. S. Army Air Forces numbers about 220,000 enlisted men, including ground crews. Furthermore, a great recruiting campaign was launched in the U. S. early in December with the objective of enlisting men at the rate of 25,000 men a month between now and next July. This will double present personnel, reaching the midsummer 1942 objective, between 400,000 and 500,000 men.

Although inferior to the U. S. in both the quality and quantity of military aircraft and personnel, Japan has the advantage of relative proximity to the Far Eastern battlefields. This is further enhanced by a slight numerical superiority in aircraft carriers. Furthermore, the Japanese have an effective torpedo bomber which has been used with deadly efficiency in this war.

Aircraft

Although most of her aircraft are far behind those of the U. S. in quality, design and performance, Japan doubtless is developing more deadly types, with the aid of Germany, and probably has obtained some of the Luftwaffe's warbirds.

Shortly before the European war broke out, for example, a Japanese airline had ordered from Germany five FW-200 four-engined transports. It is quite probable that some of the military version (the Focke-Wulf Kurier used by the Nazis to raid Atlantic shipping far at sea) have been made available to Japan. Alternately, the commercial type may have been modified for military duties.

The Japanese Army Air Force uses Nakajima 97 and Nakajima 98 fighters as well as Kawasaki 92's and 95's. These are not in the same class, of course, with the U. S. Army Air Corps planes: Airacobra, Curtiss P-40, Lockheed P-38, North American XP-51 "Mustang," Republic Lancer and Thunderbolt, Vultee Vanguard, etc.

Planes Much Slower

The Japanese fighters have top speeds in the neighborhood of 250 m.p.h., while the American fighters range between 300 and 400 m.p.h. in maximum speed. Probably the best Japanese fighter and the only one to compare with U. S. types is the Mitsubishi Karigane II which is a two-seater and has a top speed of about 310 m.p.h.

Nippon's navy fighters too are outclassed by the U. S. The best-known Japanese types are the Nakajima 96 (top speed 245 m.p.h.), the Nakajima 95 (215 m.p.h.) and the Nakajima 90 (175 m.p.h.) Probably the carrier-based Nakajima 96 was used on the Hawaiian raid along with heavier types.

These navy fighters are obviously no match for such as the Brewster Buffalo, Grumman Martlet and Skyrocket, or Vought-Sikorsky F4U-1. The fastest Japanese shipboard fighter is about 80 m.p.h. slower than the average U. S. counterpart. Nor is this disparity likely to disappear with the introduction of newer types, considering that one of America's latest, the Vought-Sikorsky XF4U-1, powered with a 2000 h.p. engine, is one of the fastest aircraft in the world.

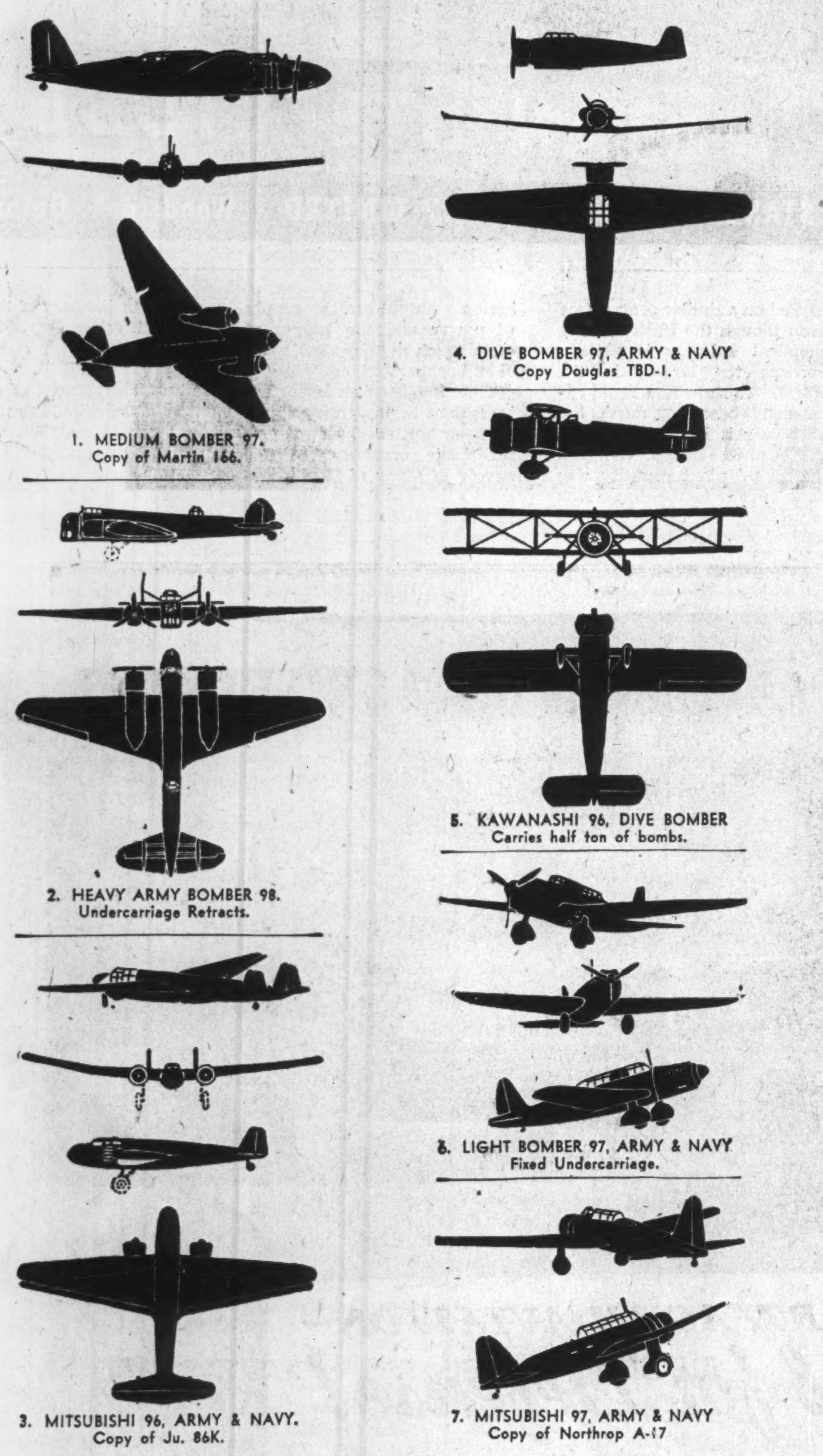
In army and navy bombers, Japan is much more formidable than in the fighter category. The Navy has, for example, the Type 97, a four-engined flying boat of copied French design, with a speed of nearly 200 m.p.h., and with a wing span of 135 feet. Another four-engined type is claimed to have a top speed of 250 m.p.h., range of 2,200 miles and a possible bomb load of 3,000 lb.

Although comparatively deficient in defensive armament for modern combat, several fast and efficient Japanese land bombers also are in operation. The best of these has a top speed of about 300 m.p.h., while the others are of 250 m.p.h. or under.

Japan certainly does not lack for practical experience in the employment of bombers. The war with China has afforded almost unlimited, and unopposed, target practice. Furthermore, the Pacific war has demonstrated that the Nipponese bomber squadrons can operate with remarkable efficiency and accuracy.

Provided they get an opportunity to go into action against Japan, the American bombers now in service and in accelerated production are capable of creating disastrous destruction without effective opposition from defending fighters.

Japanese planes are mostly copies of old U. S. types



1. MEDIUM BOMBER 97. Copy of Martin 166.

2. HEAVY ARMY BOMBER 98. Undercarriage Retracts.

3. MITSUBISHI 96, ARMY & NAVY. Copy of Ju. 86K.

4. DIVE BOMBER 97, ARMY & NAVY. Copy Douglas TBD-1.

5. KAWANASHI 96, DIVE BOMBER. Carries half ton of bombs.

6. LIGHT BOMBER 97, ARMY & NAVY. Fixed Undercarriage.

7. MITSUBISHI 97, ARMY & NAVY. Copy of Northrop A-17

Alberta Hits Peak In Hog Production

Alberta hog producers eclipsed all previous figures in hog marketing by selling approximately 1.8 million hogs during 1941. The year's marketing put an estimated $33 millions into the pockets of Alberta hog producers.

As a result of last year's showing, it is expected 1942 will see more than two million hogs marketed. 1940 total was 1.4 million and in 1939 it was 979,000.

PREFERENCE

The best evidence of a product's quality is found in the continued preference for that product. The preference for Berryloid Aircraft Finishes has increased year after year, until today it amounts almost to universal acceptance.

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THE "made-to-measure" services of the Provincial Transport Company, with their great adaptability, have enabled this Company during the past year to do far more than maintain its standard schedules for public transportation.

They have provided such instant co-operation with wartime needs that exceedingly active special "war services" have developed.

FOR DEFENCE WORKERS: One of the most important of these is the transportation of workers to and from the defence industries' plants scattered through many different communities. Provincial busses now ply regularly from the residential centres of the workers through the Main Gates of these plants, carrying each successive shift to work and returning to their homes those released from duty.

FOR THE FORCES: Provincial Transport Company, in its territory, serves more military camps than any other transportation system. Its facilities for group transportation are also heavily employed by the forces, and by others, such as the entertainment groups which provide recreation for the troops.

Provincial's six-point program of co-operation with the Dominion Oil Controller has resulted in great reductions in fuel consumption. Motorcoach mass transportation is cheaper and more PATRIOTIC than driving your own car.

PROVINCIAL TRANSPORT COMPANY

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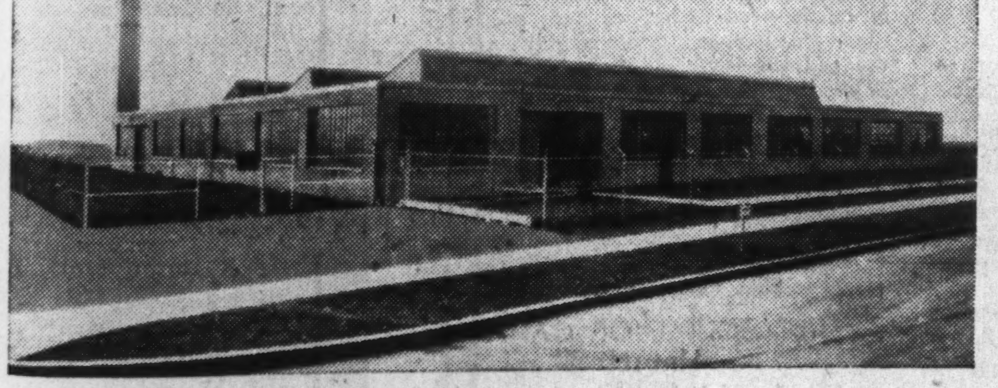

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Sinews of War

Enormous Increase in Metals Output

With the United States and Canada partners in an "all-out" war, a tremendous pool of raw materials will be provided for the greatest industrial effort of all times.

When the United States first began to face the facts, it seemed that raw materials would be the ultimate bottleneck to the possible effort that might be put forth. But wonders are now being worked and ingenuity has been harnessed to remove the word impossible from the war effort programme as far as raw materials are concerned.

Solving bottlenecks in the supply of raw materials in this hemisphere is being undertaken by three methods:

1. By cutting peacetime consumption to the bone. Americans and Canadians alike will have to do without many things when materials are needed for war production.

2. Through stepping up production. In Canada, special tax concessions have been granted to secure a supply of needed metals and other raw materials. In the United States, special high prices are to be paid for increases in production of certain products. Both United States and Canadian governments are financing special plants to provide explosives and strategic metals such as magnesium. Salvage campaigns have been finding unsuspected sources of further materials.

3. The raw material shortage problem is being coped with by developing new raw materials. This has become increasingly important with the entry of Japan into the war. Substitutes for such things as rubber and tungsten are being concentrated on and it is hoped to sidestep several potential bottlenecks.

Pooling of United States and Canadian resources of raw materials in playing an important part in preventing raw material shortages from cropping up. Canada, for example, is supplying increased quantities of such things as nickel, lead and zinc to the United States; in return it gets certain raw materials which it could not readily supply itself and also certain fabricated products such as machine tools and airplanes.

More Steel Here

Steel is the leading ingredient for fabrication of most of the weapons of warfare. Fortunately for the hopes of democracy, the United States is by far the world's largest producer of steel. For every two tons of steel the Axis can turn out the United States is prepared to turn out three tons.

Steel ingot capacity in the United States is now approximately 88 million tons a year. **Even this huge capacity is now being augmented as the United States embarks on a war production programme the Axis powers cannot hope to match.**

The United States is continuing to supply Canada with steel for war purposes which Canada's own industry is not prepared to deliver. Canada, of course, has been increasing its own output of steel, but so great has been the increase in production of war materials that it has been necessary to continue to rely on United States production.

The United States is well prepared to meet the larger part of its own requirements of iron. A special search is being made for iron ore in Canada and developments in a number of directions lend encouragement to the belief that output of Algoma Steel's Helen mine will yet be supplemented from one or two new sources.

Tops in Aluminum

When Germany overran France, the Axis could claim a greater aluminum productive capacity than the remaining democratic world. Since then a tremendous expansion has taken place in aluminum productive capacity—particularly in the United States and Canada—and by the middle of next year the North American Continent alone will be able to turn out far more aluminum than all the Axis countries taken together.

Annual Output: (estimated)	All Axis Countries tons	North America tons
Steel ingots	63,000,000	90,000,000
Aluminum	700,000	700,000
Copper	265,000	1,300,000
Zinc	600,000	1,100,000
Lead	420,000	800,000
Oil	14,000,000	215,000,000

In 1940 the United States turned out 187,100 tons of aluminum while Canada was estimated to have turned out 110,000 tons, compared with 75,000 tons in 1939. Production for 1941 was in the neighborhood of 300,000 tons in the United States with Canadian production substantially larger although no actual figures are available. By the middle of 1942, it is estimated that the United States will be able to turn out aluminum at the rate of 700,000 tons a year. Under the Hyde Park Agreement, Canada agreed to step up its aluminum production very substantially and the United States and Canada together seem likely to soon possess capacity in excess of the balance of the world.

Practically the entire output of aluminum both in Canada and the United States is going into war industry and it appears that what was formerly a weakling in our supply of raw materials, has now become one of the strongest.

Multiplies Past

Less widely known than aluminum, magnesium is at least as important. When war broke out production of this metal in America was insignificant. In 1941, perhaps 14,000 tons of the metal were turned out in the United States. In the course of the next two years, however, production from Canada and the United States should be raised to an annual rate of around 110,000 tons.

Until comparatively recently, brine was depended upon for the entire production of magnesium which was only being turned out in the United States and this continent. Research workers in Canada and the United States, however, have worked out new processes for production of magnesium and some of the new plants will use dolomite and brucite as raw materials for turning out the metal.

Consolidated Smelters will erect one plant in Canada to turn out 5,000 tons of magnesium metal a year while Dominion Magnesium Co., a newly formed concern, may yet turn out 4,000 tons of the metal a year by treatment of 200 tons of ore a day. Aluminum Co. of Canada will turn out magnesia from brucite ore deposits in Quebec and it will be possible to secure magnesium metal from magnesia if this should be required.

First in Shortage

Copper was one of the first metals where a shortage of supplies loomed up. Although the United States is turning out this metal at the rate of approximately a million tons a year with probably over 300,000 tons additional coming from Canada, large imports continue necessary from South America and other sources to fill requirements. In 1942, it is estimated the United States alone will consume 1,890,000 tons of copper with consumption in 1943 rising to nearly 2 million tons. Fortunately, South America turns out nearly half a million tons of copper in a year and with the available supply of scrap copper, it is hoped that all war requirements can be met—but copper for civilian requirements will just about disappear.

Copper is necessary in the manufacture of brass for shells and no efforts are being spared to increase production of the metal wherever possible.

Marginal mines in the United States are being brought into production by the payment of premium prices for output; new mines are being opened up along lines planned by the government; U. S .copper mines have gone on a seven-day week basis to increase the flow of the red metal.

New zinc smelters have been erected in the United States and Canadian mines are playing their part in supplying needed zinc concentrates. Possibly 400,000 tons of zinc will go into brass for shells in the United States next year.

Vast Zinc Supply

Altogether the Western Hemisphere produces about 1.2 million tons of zinc a year. United States zinc smelters turn out about 890,000 tons of this, Canada is turning out perhaps 175,000 tons of zinc a year, a large part of which goes to the United Kingdom for its war effort.

Lead has tended to be substituted for other metals whenever this proved feasible. Much less lead is being used in this war than in World War No. 1 and it is consequently being used as a substitute for more acutely short metals such as copper, zinc, tin and aluminum.

Mexico Also

Domestic mines in the United States turn out approximately 55,000 tons of lead a year. Foreign sources have been supplying an additional 25,000 tons each month. Canada turns out perhaps as much as 200,000 tons of lead a year, but most of the output beyond Canadian requirements is shipped to the United Kingdom. Mexico, however, turns out approximately as much as Canada and much of this now goes to the United States. While lead may not be available for many consumer uses, it is not likely that a shortage will seriously affect war production.

While North and South America are rich in most of the ordinary minerals, certain elements such as manganese, chromium, tungsten, tin, etc., have only been found in quantities sufficient for our own requirements. The United States has taken the lead in stock-piling supplies of these strategic minerals so that industry will not suffer severely from these shortages.

Stock-piles must now be drawn on with Japan in the war, but by the time a large part of these stock-piles are used up, it is expected that exploitation of known marginal deposits, and other newly discovered commercial deposits, will prevent a shortage of strategic minerals from becoming serious. New methods have been developed to economize use of many of these metals, further methods of economizing will doubtless be developed, and already it has been found possible to substitute molybdenum, of which we have sufficient supplies, for tungsten, so important in the manufacture of machine tools.

Real Shortage Here

There will probably be little or no rubber available for peace time uses until Japan is subjugated in the East. Taking the United States and Canada as a whole, sufficient rubber is available for one year's requirements based on 1941 consumption. With most peacetime uses cut off, this rubber reserve may go farther but production of army equipment will undoubtedly require a rapid eating into our rubber reserves. Steps are being taken in the United States to turn out synthetic rubber but some time must elapse before this output becomes important. Altogether a total of $400 millions is to be spent on rubber plants with a substantial flow of rubber to start in 18 month' time which may take care of most if not all of wartime requirements. Canada may also turn out artificial rubber. Reclaimed rubber is becoming of importance and two firms in the United States are now making tires composed entirely of rubber which has been reclaimed. Home-grown rubber is also securing attention.

Reserves of rubber in the United States and Canada probably total in the neighborhood of 650,000 tons.

Self-sufficient

As far as oil is concerned, North and South America do not have to worry about supplies. Delivery of oil may be troublesome due to a shortage of tankers, but this continent is undoubtedly able to turn out all her own requirements.

The United States is the world's largest producer of crude oil and is at present turning out nearly 1.5 billion barrels of oil a year.

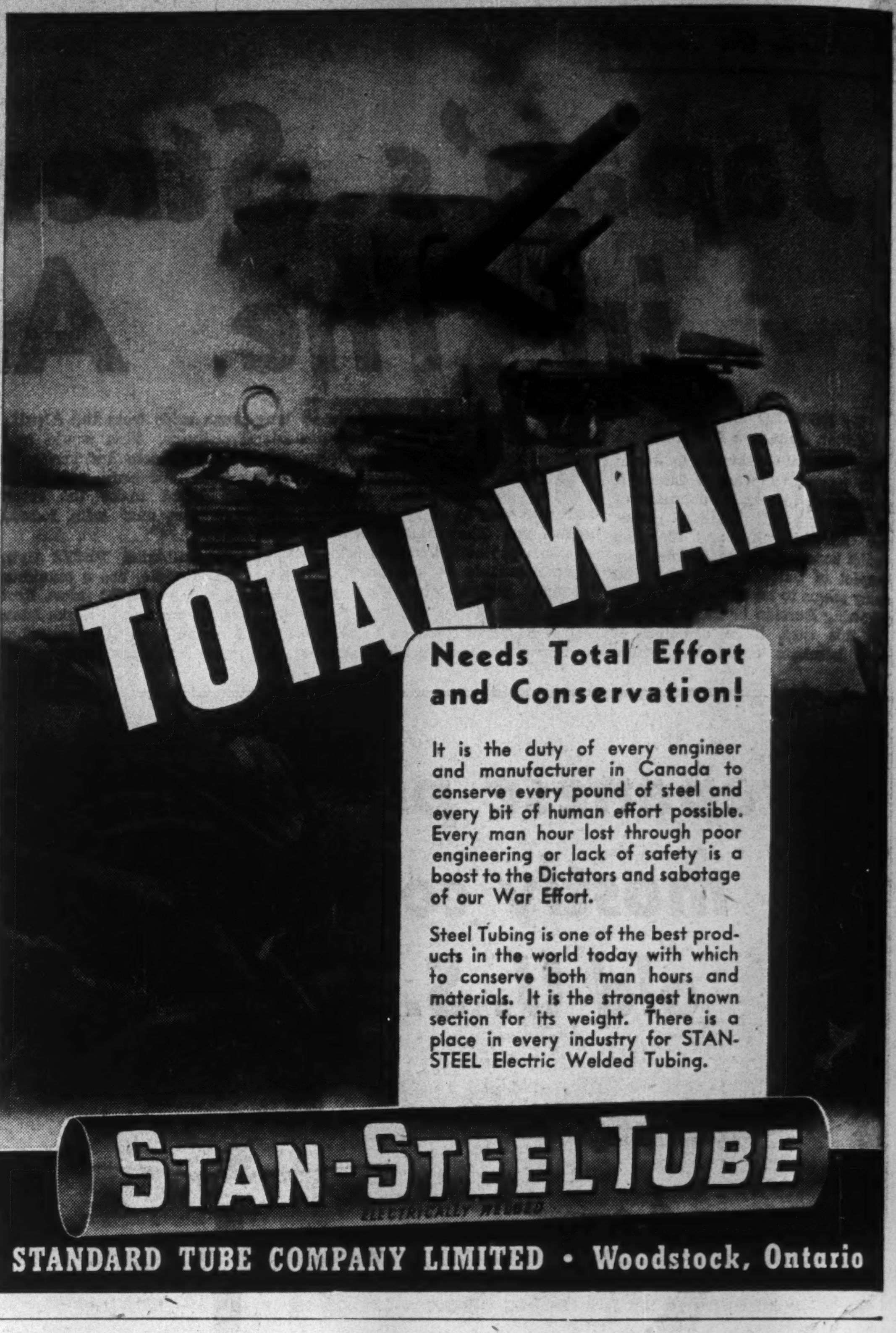
With production of automobiles for civilian use practically eliminated, civilian consumption of crude oil may be gradually decreased, but offsetting this, consumption of oil for military purposes is rising rapidly. Not only will much more oil be used for mechanized equipment, but aviation requirements will be expanded many fold. Oil is one of the basic products in production of several types of synthetic rubber and a new use for oil will be found in this direction as civilian consumption drops off. From present indications it appears that the character of oil consumption may change quite drastically but the demand is likely to continue strongly. Canada is a relatively small producer of crude oil but output from Turner Valley has been found suitable for turning out aviation fuel and an important part is played by this production in keeping down Canada's requirements of Foreign Exchange for imported oil.

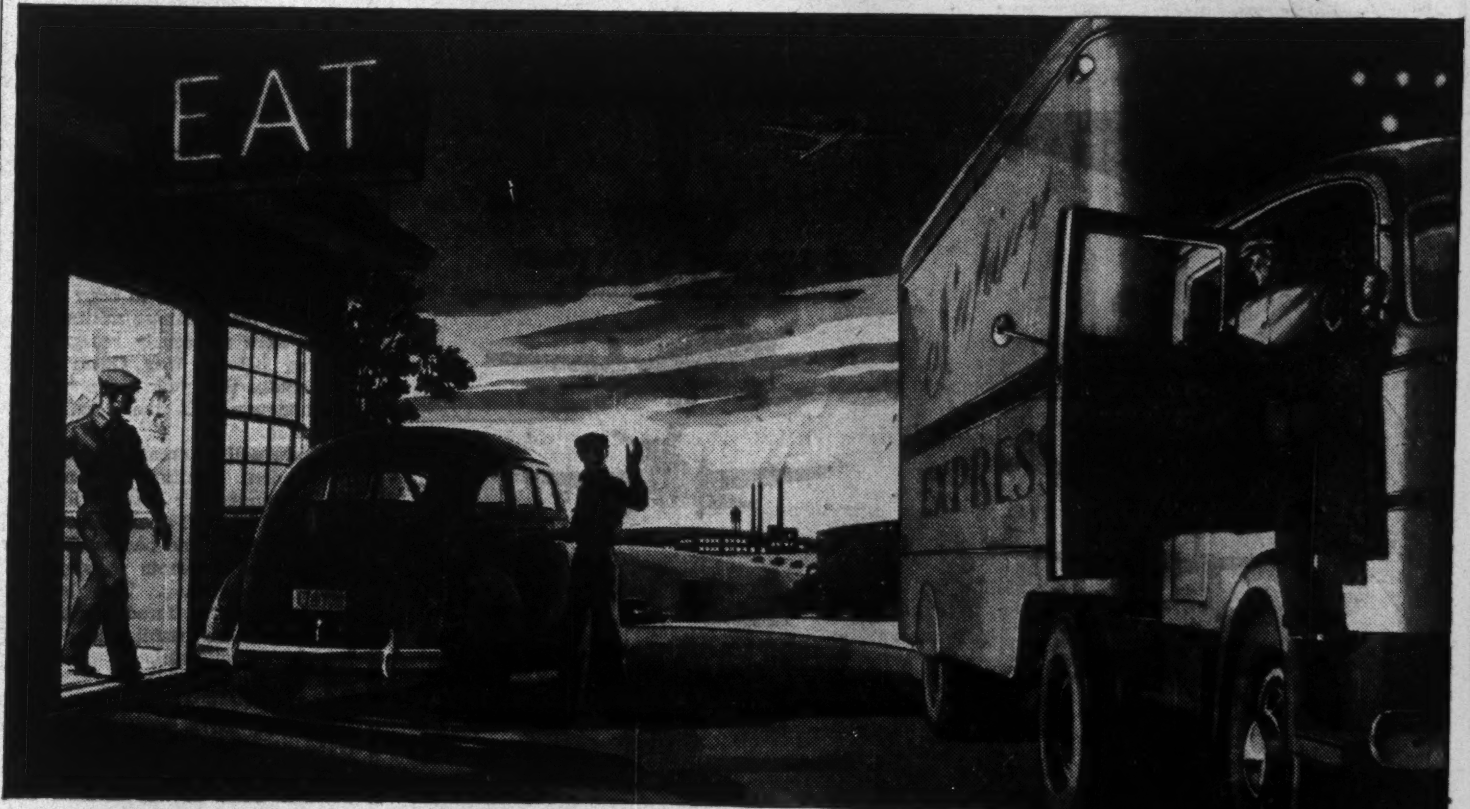
Double Chemicals

Under the stimulus of war demands production of chemicals in North America has approximately doubled since the low point in the middle of 1938. Canada has spent huge sums on fabrication of further plants for turning out of explosives and the United States has embarked on a similar programme even though the United States chemical industry is already perhaps the largest in the world. To show how rapid expansion is becoming, during the past year it is estimated that the United States chemical industries' plant capacity was doubled; and further expansion is yet to come. The two bottlenecks in expansion of chemical industry output are the supply of power and the supply of metals such as alloy steel, nickel and copper (for equipment).

Time has been an important ingredient in preventing shortages—or bottlenecks if you prefer—from occurring in the supply of many of North America's raw materials. In June, 1940, it was realized that a great challenge had been presented to industry of this continent if active aggression was to be dealt with effectively. Steps taken in the last year and a half, accordingly, meant that the democracies have not been caught off-guard. Where shortages of raw materials are possible, usually a solution is evident and it is just a matter of how long it will be before the solution can be made effective.

Canadian industry has moved faster in mobilizing woman-power than the American, according to a U. S. official observer. Here are workers in a Toronto small arms plant.





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Bendix willingly shoulders its share of this responsibility . . . bespeaks the co-operation of every Canadian motor vehicle operator.

A new, modern carburetor serves Defense by saving gasoline. Good brakes, kept in repair, safeguard the swift flow of vital traffic. Modernized power braking, on trucks and buses, stops today's heavier loads with minimum muscle-power, protecting the vehicle, the load, the driver and the public.

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Now, more than ever, Canada's cars and trucks and buses *must* be kept rolling!

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Bendix Products

Airfield Construction

Forge Great Chain of Air Fields

Canada's Construction Industry Beats Schedule by Half-year

This photo illustrates the type of industrial plant buildings which have been erected in record time in Canada since the start of the war. This is the Boeing Aircraft Plant in Vancouver.

From Toronto to Halifax by crow-flight is approximately 800 miles. Blaze a 21-foot highway over that route and you have the equivalent of the paved runways of Canada's military airdromes.

Lay out a vast programme of airport construction that will stretch a chain of fields from coast to coast. Meet all the hardships provided by weather and topography, battle with problems of supply, then finish that programme half a year ahead of schedule.

That is the achievement of Canadian builders.

The British Commonwealth Air Training Plan was scheduled to be in full operation by the late Spring of this year. Actually, the last school under the Plan, a bombing and gunnery school at Mont Joli, Que., was opened last Dec. 15.

Sweat and Tears

Before this billion dollar university of the air, world's greatest air training scheme, could start turning out its thousands of skilled airmen, Canada's construction industry had to play its tremendous part. There was plenty of toil, tears and sweat. Of the early worrisome days of the Plan, Air Commodore G. E. Brookes recently said:

"There were headaches and heartbreaks and mistakes—the problems of sites, construction, equipment, manning and training had provided as big a task as this country had ever known. But the digging and building went on."

Farmlands and brush, hillsides and pastures have been [illegible] up, pulverized and pounded into shape to make over 100 airdromes. To house the thousands of men, planes and equipment, 1,860 buildings have been erected.

Great majority of these airdromes are of up-to-the-minute design. That means hard-surfaced runways, tile or other scientific draining, concrete taxi strips and turning basins, well-equipped control towers, elaborate lighting for night flying.

$49 Millions a Year

Air Minister C. G. Power has estimated that construction and repair of airports for the R.C.A.F. including the Air Training Plan, will involve expenditure of over $49 millions for the fiscal year ending next Mar. 31. Divided into $26 millions for Home War and $23 millions for the Air Training Plan, the estimate does not include the heavy expenditures on construction of dromes for the R.A.F.

Nor does it include the $9 millions being spent on the chain of airdromes to the Yukon. Primarily for civilian purposes, the series of airports through northern B.C. and Alberta to the Yukon forms an important part of the joint U. S. - Canada defense programme. The chain will be in full operation with radio beam equipment and short wave communications by Spring.

Where Dromes Come From

Procedure followed in acquiring airdrome sites makes an interesting story in itself.

The Department of National Defense for Air sends a requisition to the Department of Transport indicating the type of site required, approximate size and the Air Command in which it is to be located. The Dept. of Transport makes surveys and reports back with complete particulars of several sites, usually at least three. The report states the value of the land, grade of the site, nature of the soil and subsoil, nature of timber if the site is wooded, proposed water supply, proposed sewage disposal, and drainage requirements, location of nearest crushed rock or gravel and sand supplies, electricity, telephone, telegraph, transportation facilities and other necessary information.

Choose 150 Sites

Officials of this department, assisted by engineers of provincial departments and C.N.R. staff, surveyed hundreds of sites in 1940 out of which 150 were chosen. In acquiring these sites land was bought from over 500 individual owners across Canada. All of these sites were cleared and graded. Twenty million cubic yards of earth was moved.

From the spring break-up in 1940 down to the fall of France this work proceeded with all recognized safeguards being taken, such as calling for tenders, etc., but when the emergency came in late May time-wasting routine was brushed aside, contracts were let by negotiation instead of by tender.

Contractors worked night and day with the result that before the end of 1940 more than double the number of air fields originally planned were ready for use. Similar activity during 1941 brought the completion of the framework of the great air training scheme with the 93rd air school being opened at Mont Joli.

While no further airdromes are proposed for the present, the plan will remain far from static in so far as the construction end is concerned. Air Minister Power recently explained:

"What we shall do will be that when we 'upgrade' or increase the pupil population we shall add more buildings to the existing establishments. . . by that system we shall avoid the necessity of further expenditures in the building of airdromes. We upgraded our output by what is known as overbearing — that is, taking on more pupils. In some instances we have done this because the courses have been lengthened. Where we had a ten-week course we have made it a fourteen-week course. But in order that there be no interference with output we have taken on more pupils."

R. A. F. Schools

To the heavy requirements that the Air Training Plan has placed on Canadian contractors has been added the transfer of R.A.F. schools to Canada. Run by R.A.F. personnel and used primarily for training R.A.F. pupils, these schools take advantage of Canada's space and freedom from enemy attack. It is expected they will eventually number 30 or 40.

Make-up of a School

Cost of an airdrome varies with its size and the purpose for which it is intended. Some of the biggest may run up to $500,000.

A typical elementary flying training school needs a field with minimum dimensions 2,500 feet clear in all directions, with landing strips 750 feet wide and 2,500 feet long. It needs a hangar 112 by 160 ft., quarters and messes for officers, N.C.O.'s and airmen, a hospital, garage, stores building and a machine gun range.

An air observers' school requires two large hangars, photographic building and equipment, a 15-bed hospital. Landing strips built here have minimum dimensions 3,000 feet long and 500 feet wide.

At each bombing and gunnery school the plan calls for erection of 47 buildings — 6 hangars, 8 messes, 3 garages, a 34-bed hospital, supply depot, gun ranges and sundry other buildings. At these fields where all-over development is not economically practical, landing strips 3,000 feet long and 750 feet wide, with one hard surface runway 2,500 feet long and 150 feet wide is considered satisfactory.

Advanced training schools have a variety of buildings similar in extent to those at the bombing and gunnery institutions. Each of these fields must have three airdromes, one main landing field, two relief fields. The main field has a landing strip 3,000 feet long, 750 feet wide with two hard-surfaced runways for each landing strip, the whole field to be equipped for night flying. At one relief field requirements are the same as for the main field except that only one landing strip is required. The other relief field has no landing strip and is not equipped for night flying.

Needs for the wireless and air navigation schools are along similar lines.

Added together, the training plan has given the construction industry its biggest wartime job aside from the building of war plants.

Standardize Buildings

Experience in airdrome construction has brought more efficient practices. So far as is practicable buildings have been standardized to effect substantial savings.

In the flying training schools it has been found that better results can be obtained by concentrating all of the major repair and servicing work in one hangar and simply using the other hangars for plane storage. Hangars and buildings immediately adjoining the hangars are usually heated by a steam central heating plant. Other buildings, sleeping quarters, mess halls, etc., are usually heated by individual hot air furnaces operated by mechanical stokers.

Each site must be served with adequate roads and transportation facilities. With many schools located at previously remote spots this has created considerable activity in highway work. Prime requirement for bombing and gunnery schools is space for practice ranges. Often these schools have to be located near a lake where other essential services may not be available. This has meant considerable expenditure on water supply, electric power and other facilities.

Establishment Phase Ends

Greatest part of the construction industry's part of the Air Training Plan now appears to be over. It has supplied the solid foundation on which the mighty superstructure of air mastery is going up. It has met sudden demands and unexpected conditions to achieve complete establishment — the vital prelude to peak production.

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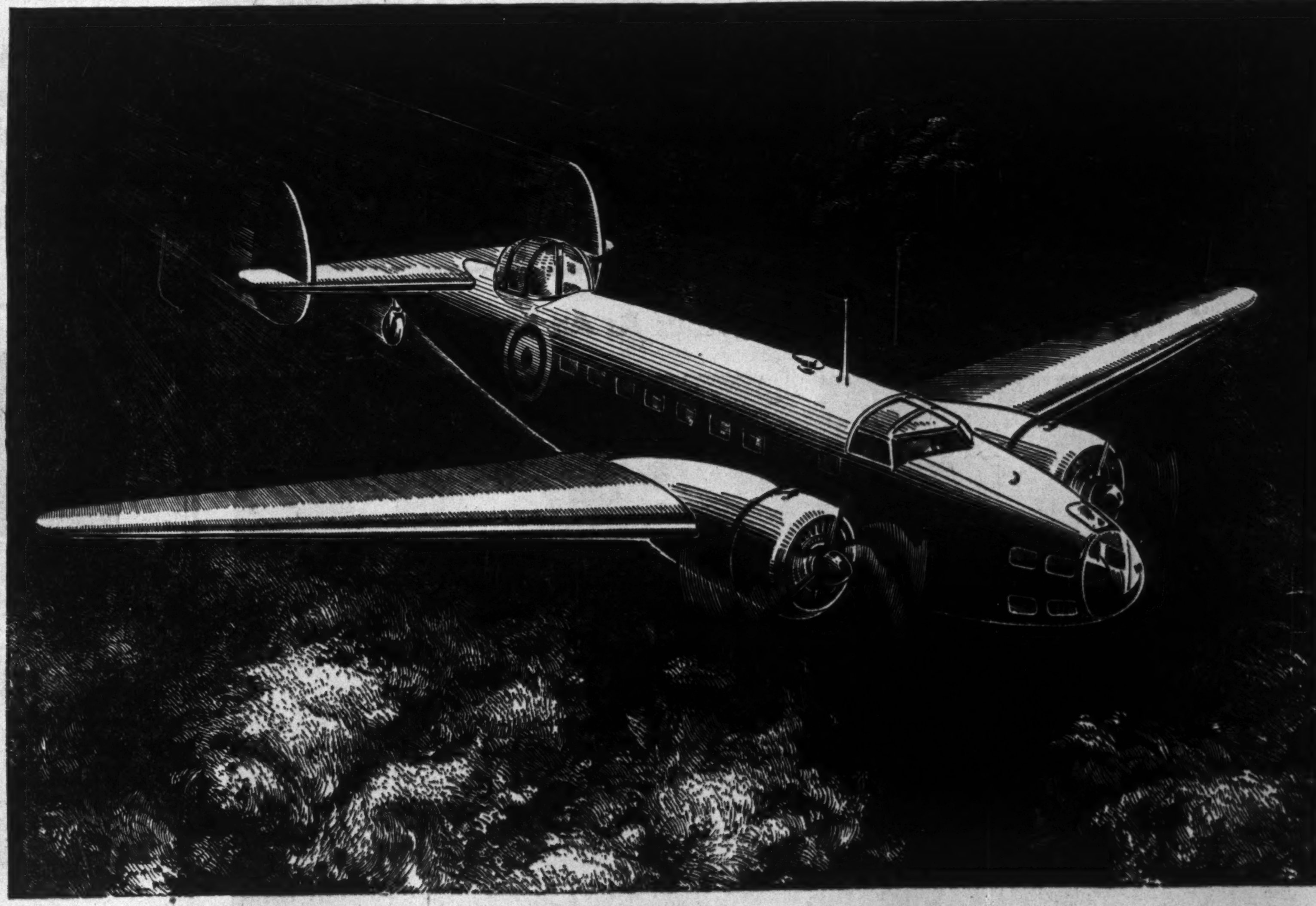

WRIGHT CYCLONES
power the
BRITISH "HUDSON"
LOCKHEED B-14 BOMBERS
ordered by the
BRITISH AIR MINISTRY

The imposing fleet of British "Hudson" twin-engined reconnaissance-bombing planes — the Lockheed Aircraft Company's B-14 type ordered for the Royal Air Force of Great Britain—will be powered exclusively by 1100 H.P. Wright Cyclone engines.

A military version of the Wright Cyclone-powered Lockheed 14 Transport with which Howard Hughes flew around the world in the record time of 3 days and 19 hours, the "Hudson" ranks as one of the swiftest and most efficient bombardment types ever developed. Its speed, cruising range and great striking power make it an important addition to the British Empire's aerial fighting forces.

The Lockheed 14 Transports, from which this advanced bomber version was developed, are now in regular service on airlines both here and abroad, notably on British Airways, K. L. M. (Royal Dutch Air Lines), Roumanian Air Lines, and K.N.I.L.M. (Royal Netherlands Indies Airways), where they are powered by Wright Cyclones.

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WRIGHT *Aircraft* ENGINES

Aircraft Production

Canada to Concentrate on Seven Planes

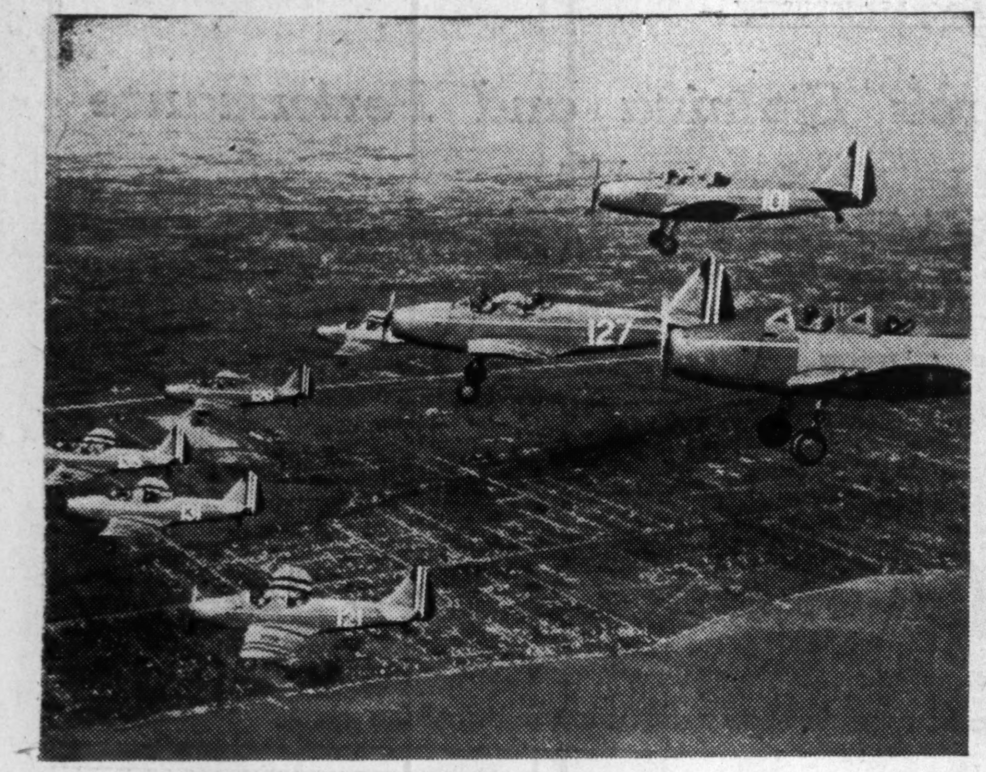
Pictured Here is Dominion's Contribution to Air Might

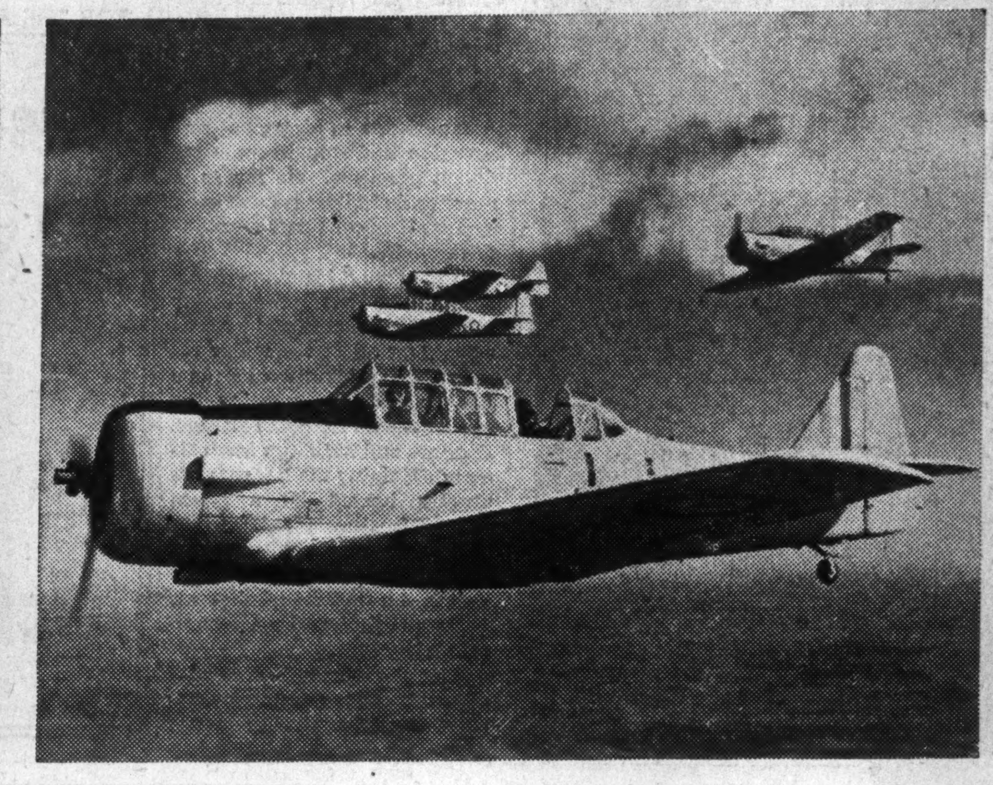
RALPH P. BELL

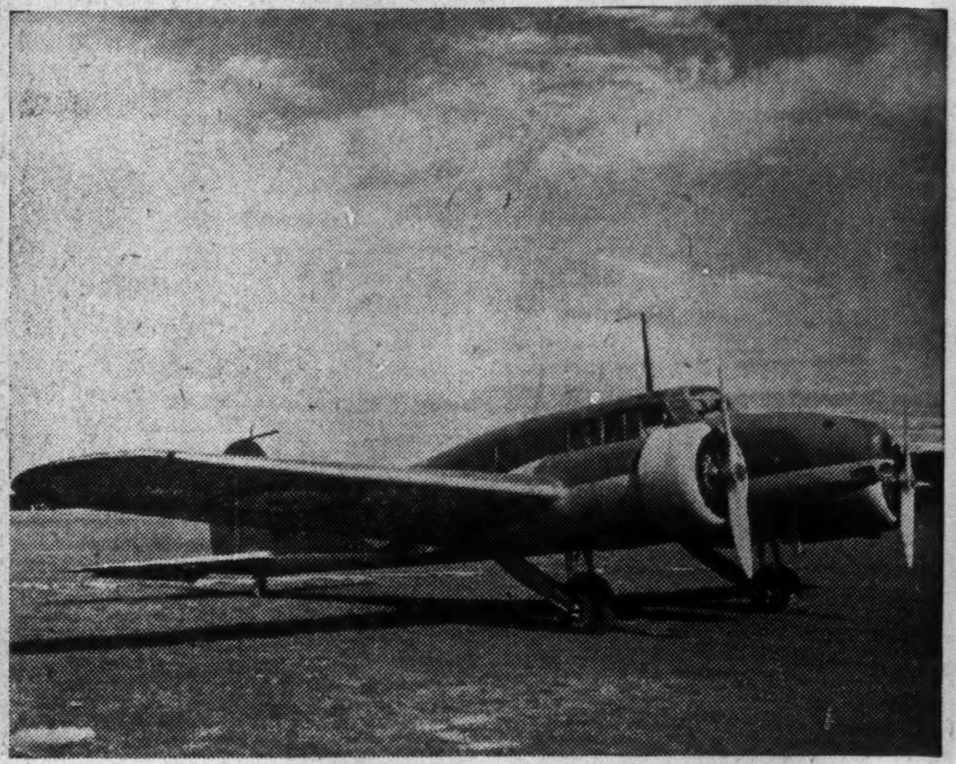
Said Ralph P. Bell

Director General of Aircraft Production

"The Programme Today is Set. Instead of 12 Types Which We Are Building Now, the Programme Narrows Down to Seven, and We Have Concentrated on the Finest Craft of Their Kind in the World."







Fairchild

Already being imported from the U. S. by the Royal Norwegian Air Force for its elementary training in Canada, the Fairchild "Freshman" will get into production this fall at Fleet Aircraft, Fort Erie. It supersedes Fleets and Moths.

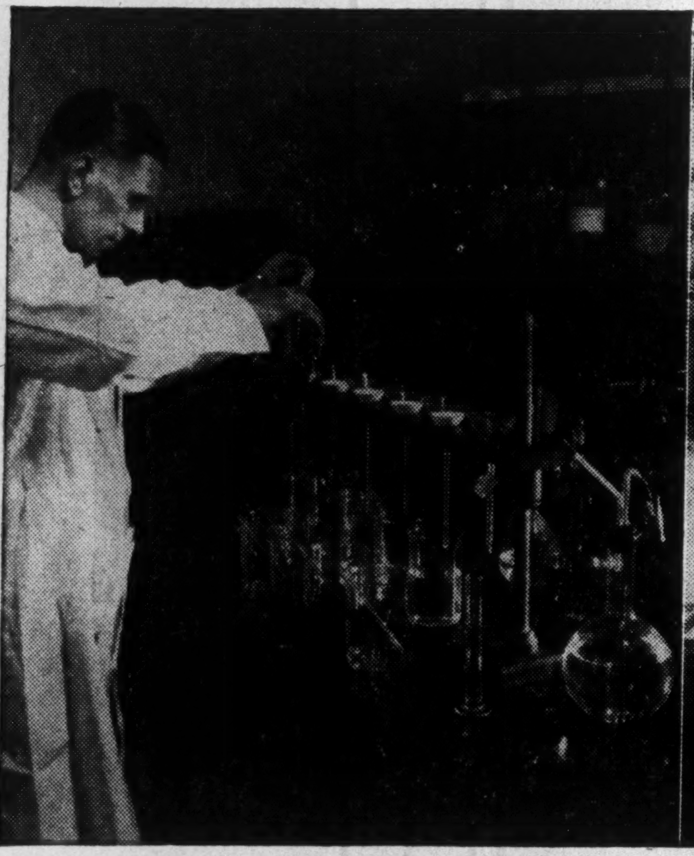
Harvard

Taking a vital place in the Air Training Plan is the efficient "Harvard" trainer, probably best known plane of its type among Canadian laymen. Built by Noorduyn Aviation of Montreal, the Harvard travels 170 m.p.h.

Anson

Production of the twin-engined Avro "Anson" comes under the Federal Aircraft organization. Used for reconnaissance and bombing training the Anson has a four-man crew, maximum speed of 170 m.p.h.

"A Defective Casting May Be As Dangerous As An Enemy Plane"



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Comrades at the Controls

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Science rides the skies. Thousands upon thousands of "laboratory-controlled" Mitchell aluminum and Elektron magnesium aircraft castings have proven their dependability from the ground UP.

Our "laboratory ground crews" salute the Empire airmen who carry their product to the front line of the skies.

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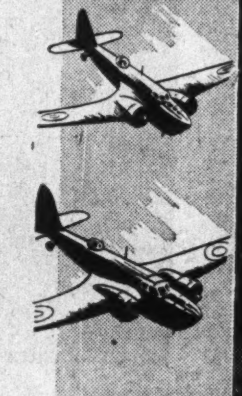
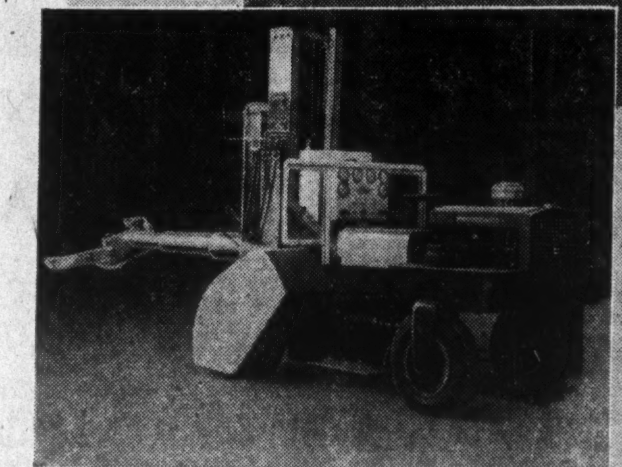
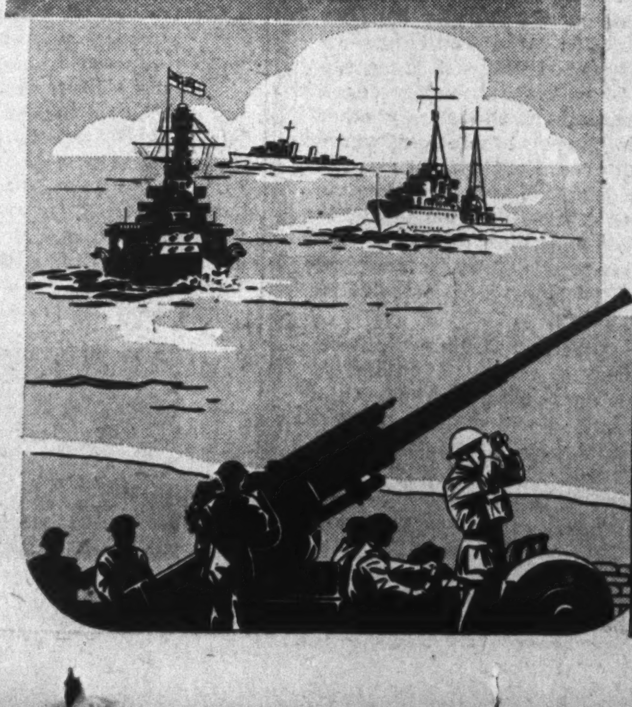
FOR CANADA'S FIGHTING FORCES







IN THE WHITE HEAT of the gas-fired furnaces at the plant of Research Enterprises Limited, at Leaside, sand is combined with boron, sodium, barium, lead, phosphorus and other elements to make OPTICAL GLASS.

A new Canadian industry has been born of war.

A year ago, Canada imported all her supplies of optical glass. To-day, Canadian energy, skill and money have placed this country far on the road to independence of foreign supply of this basic, indispensable material so essential to our war effort.

To-day, for binoculars, for fire control equipment and for cameras—the eyes of His Majesty's Canadian Forces on land, on the sea and in the air—for metallographic and spectrographic equipment, the eyes of industrial research—for microscopes, which are the eyes of all science—our Canadian output is rapidly increasing.

Heat, the basic requirement of almost every industrial process, is best supplied by gas.

INDUSTRIAL DIVISION - 124 RICHMOND ST. W.

The Consumers' Gas COMPANY

Aircraft Production

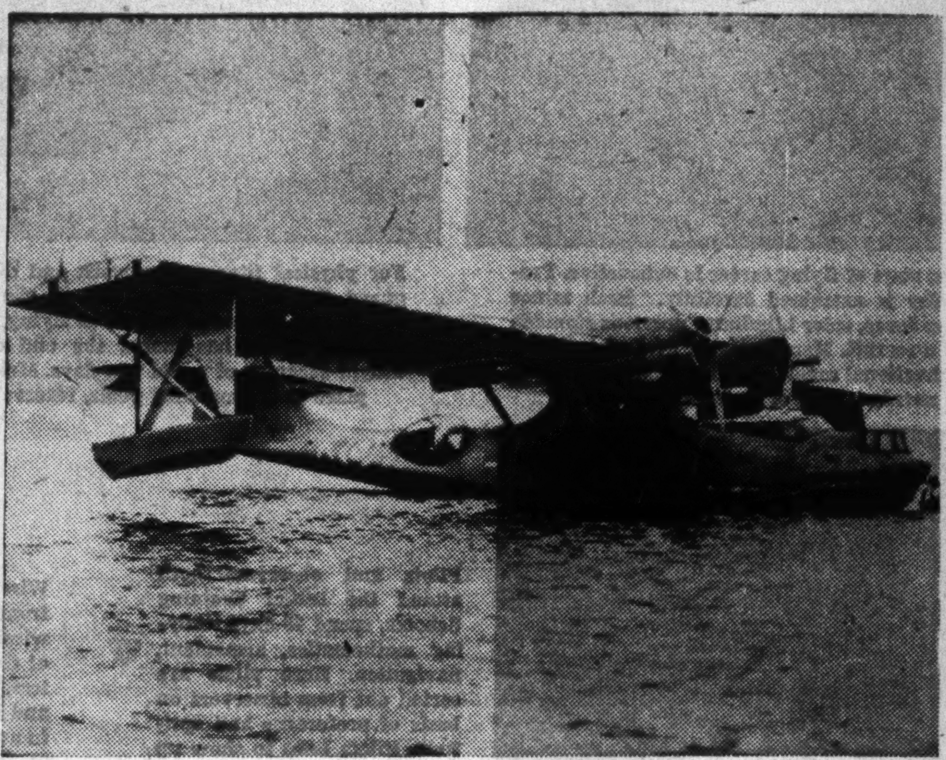
Canada Wants 10,000 Planes This Year

Airplane Factories Rush Change-overs to Produce New Craft

HON. C. D. HOWE
—Blank Stoller photo.

Said Hon. C. D. Howe
Minister of Munitions and Supply

"The Present Average Rate of Production is Approximately 40 per Week of All Types, . . . We Are Now in Position to Manufacture Aircraft to Meet All the Requirements of the Air Training Plan, as Well as the Aircraft Requirements of the British Training Schools That Have Been Located in Canada."



Secret Plane X

Secret Plane Y

Bolingbroke

Canadian version of the famed Bristol Blenheim bomber is called the "Bolingbroke." These formidable planes have an official top speed of 295 m.p.h. Fairchild at Montreal is making them. It is used for service and training.

Consolidated

Coming from the Vancouver plant of Boeing Aircraft of Canada and the Montreal plant of Canadian Vickers these sky cruisers can hit 200 m.p.h., have a cruising range of 4,000 miles, are among the greatest in the air.

To a Toronto aircraft plant has gone a $20 millions plus order for a secret-type twin-engined long range fighter plane. Air authorities believe this will be one of the deadliest fighters yet to take the air.

Heavy four-engined bombers still on the secret list will be turned out by an aircraft plant near Toronto. These air mastodons will be able to fly from their birthplace here to any part of Europe.

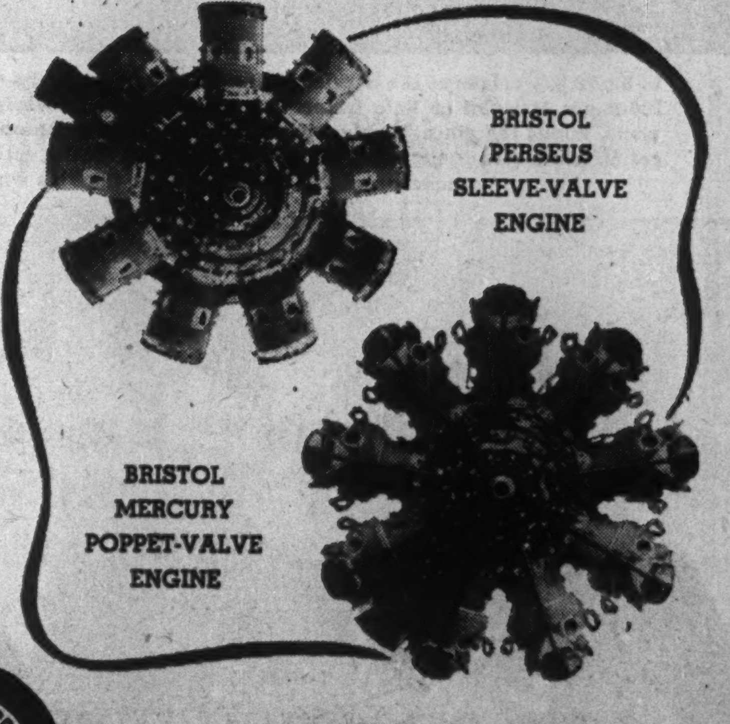
Representatives for Canada:
BRITISH AEROPLANE ENGINES, LIMITED, 248 McCord Street, Montreal

These Canadian-built planes are "Bristol-powered" — Hampden Bombers; Stranraer Flying Boats; Bolingbroke Reconnaissance Bombers — now also being used in the British Commonwealth Air Training Plan; Lysander Army Co-operation Planes. The "Taurus" Engine also powers the Bristol Beaufort Planes in use in Canada.

● Through the co-operation of our "good neighbours," the Solar Aircraft Company of San Diego, California, the Cockshutt Aircraft Division has been able to bring to Canadian aeroplane manufacturers a combination of engineering skill and production-experience of a high order.

Today . . . in addition to Inconel and Stainless Steel Manifolds for "Bristol" Mercury poppet-valve, "Bristol" Perseus Sleeve-Valve and other engines of British and American design used in planes built in Canada, Cockshutt is manufacturing Oleo Legs, Buffer Struts, Flaps, Ailerons and miscellaneous parts of aeroplanes.

In pioneering the manufacture of aeroplane parts not previously made in Canada, Cockshutt has taken a forward step that has helped "step up" Canada's aircraft industry. Our facilities are at your service.



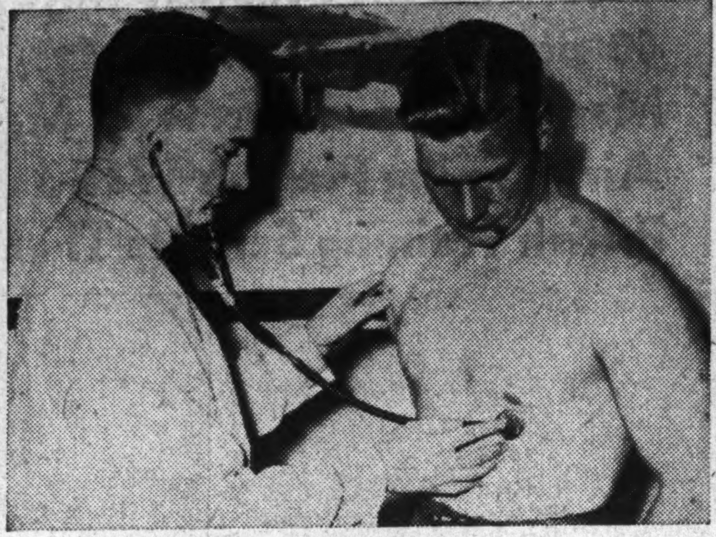
COCKSHUTT AIRCRAFT DIVISION
BRANTFORD CANADA
COCKSHUTT PLOW COMPANY LIMITED
BRANTFORD - ONTARIO

COCKSHUTT & SOLAR KEEP THEM FLYING IN CANADA AND U.S.A.

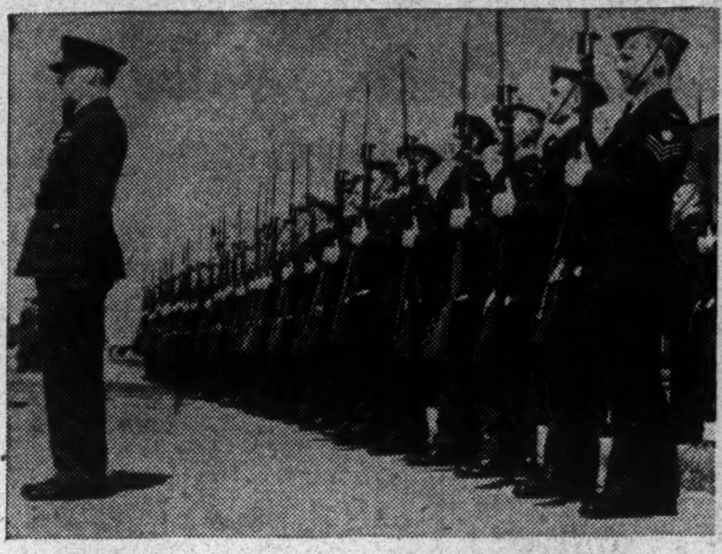
The Lion Grows Wings in Canada

Into the 130 Stations of the Commonwealth Air Training Plan Pour Some 5,000 Canadians Each Month, Others From Every Corner of Empire. Cost—Over $800 Millions

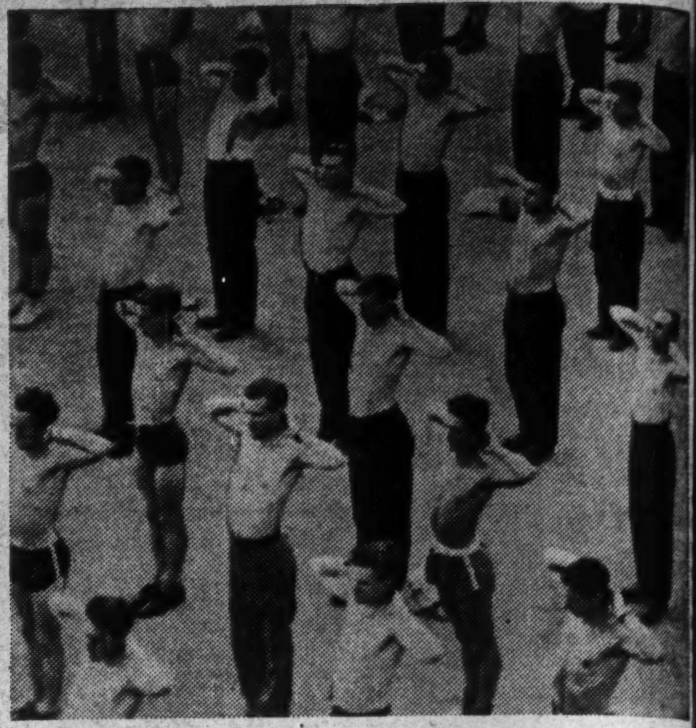
From the recruiting offices of the R.C.A.F. in 1941 came some 5,000 new men each month for all branches of the service. Pilots and observers need minimum educational standard of matriculation to college, air gunners—two years high school, ground crew—entrance to high school, plus experience in practical work. Above recruits have been passed, are taking oath of allegiance.



Medical check-up at start of flying career is exhaustive. Previous medical history is examined carefully. Such minor imperfections as hay fever, color blindness, previous stomach trouble will reject a recruit. More complex ground tests for altitude reaction, directional sense, etc. follow later. Research has greatly narrowed risk of training the unfit.



For physical fitness, teamwork and discipline, drilling and guard duty follow the trainee all the way to winning his wings. Importance of formation flying to fighters as well as bombing pilots has meant the end of the individualistic knight-errantry of world war days. Most of the drilling takes place at the manning pools, reservoirs of man power.



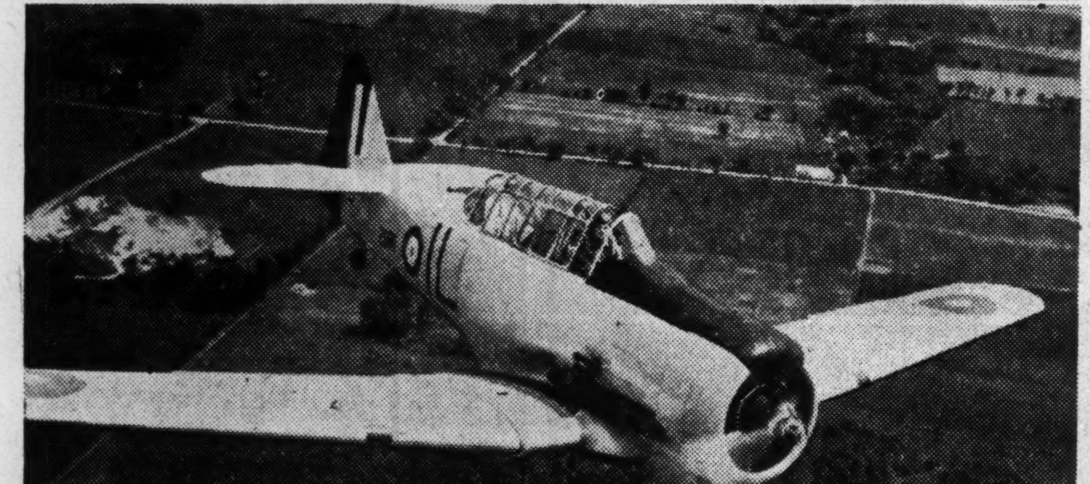
Even the grade A physical standards of air force volunteers usually improve with the care taken to provide excellent physical training, food and quarters supplied by the Commonwealth Air Training Plan. Diet, vital factor in keeping condition at the peak, is pride of the air force. More and more, the dietitians and cooks of the C.W.A.A.F., the women's air force, are taking over the kitchens and mess-halls.

Pilots and observers both attend the Initial Training Schools, spend 48 days studying mathematics, armament, navigation. Here pilots are sorted out from observers on basis of preference and aptitude. Pilots have to show up well in Link ground trainers, observers at maths. Over 90% of air crew applicants still prefer to become pilots, despite growing importance of the observer as the bomber replaces the fighter, offensive war supplants defensive. At Left.

Wireless air gunners go direct from manning pools to the wireless schools for 24 weeks of thorough training in wireless, operation and theory, and signals, preliminary work in armament. Here they come in contact with their major offensive and defensive weapon, the machine gun. Two main types of gun are used, the Vickers and the Browning—both are being made in Canada. Study of armament is at this stage secondary to wireless. At Right.

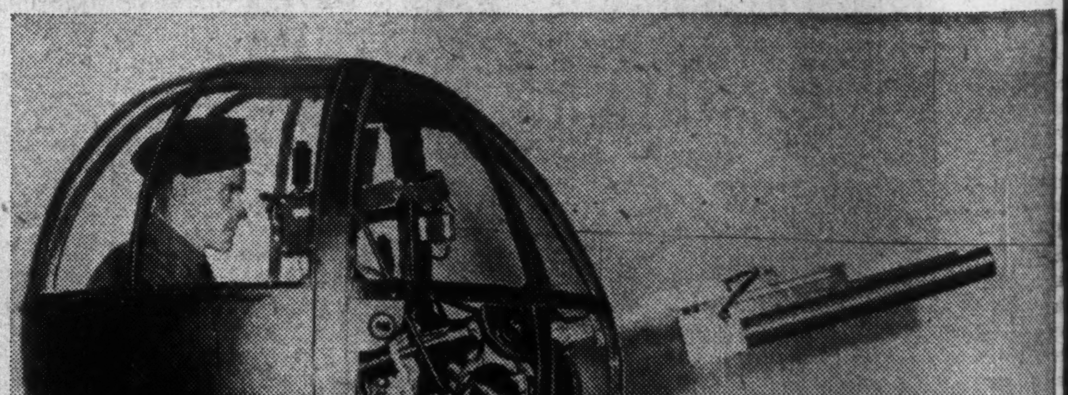
Now separated from the observers, the pilots who will handle both bombing and pursuit ships go to the Elementary Flying Training School for 48 days of flying instruction. They will get dual instruction and 50 hours of solo flying, probably on the Tiger Moths shown, or Fleet Finches. Both types are shortly to be replaced by exclusive use of the Fairchild Freshman. Ground instruction continues through these first days of flight. At Left.

At the Air Observer Schools, the observer takes to the air for the first time. During his 14-week course he masters the use of maps, charts, bombsights, and cameras, attains moderate proficiency in aerial navigation. Above, a student learns the operation of an aerial camera, whose shutters are operated electrically. In his 60 hours of flying time, of which ten are at night, the observer gets the feel of one of his main duties, appraising ground targets from the air. In this stage the observer is flown in twin-engined Ansons, Cessnas and occasionally Oxford Airspeeds, or in the single-engined Fairey Battles. He also learns enough wireless to send or receive messages at the rate of eight words a minute. At Left.



In his 72-day course at the Service Flying Training School, the fighter pilot flies the 250-m.p.h. Harvard or Yale trainers, as complex as a full-fledged modern fighting plane, minus the guns. Bomber pilots fly twin-engined Ansons and Cessnas, both get 50 hours solo flying time, plus dual instruction in the early stages. Successful completion of this course wins the pilot his wings.

Final lap for the observer is four weeks at an air navigation school perfecting his ability to find his way out and back on bombing raids. Of the 30 hours taken in the air at this school, more than half will be flown at night. Above, students use the direction finder and record results in the cockpit of a twin-engined craft.



Observers and wireless air gunners both attend the bombing and gunnery schools, the observers for six weeks, the gunners for four. Both learn air gunnery, first in the mechanical ground turret shown where the beam gun is used, later from planes against targets on the ground and towed by other planes. The observer's two extra weeks are for bombing training and practice.

Courses complete and wings won, the three groups classed as air crew are ready to embark for Britain where they will get further training in the art of war. Pilots will step up to 400-m.p.h. fighting planes and 300-m.p.h. bombers, observers and gunners are nearly ready for action. Some of the observers will pass their comrades at sea, helping to navigate bombing ships on their way to Britain in the ferry service. Cuts show, left, winners of wings, right, embarkation.

Photos: R.C.A.F. and Public Information.

The Machine Behind Canada's Air Might

How the Various Phases of Our Aviation Activity are Co-ordinated

By RONALD A. KEITH
Editor, Canadian Aviation

Thundering over Germany in ur-engined air dreadnoughts, ushing across the Channel in ectacular Hurricane-bombing rties, and duelling with Axis fighters above the blister- sands of Libya, the Royal nadian Air Force is achiev- indelible fame.

The smoke-blue uniform is rn today by more than 100,- 0 men. Already there are 16 lly operational R.C.A.F. uadrons overseas in addition the substantial legions of Training Plan graduates ving with the R. A. F. in gland and the Middle East.

Today, air combat is the most ectacular function of the C.A.F. On the other hand, ministration of the Air aining Plan is the biggest , while home defense pro- ises to have real significance the immediate future. But background of these fore- nt activities is comparative- little known. It is the busi- s organization and it is ndamentally responsible for eping the propellers whirling all fronts of Canada's air r.

as Triple Task

The Royal Canadian Air rce has a triple task. It helps ht an Empire's war, it trains Empire's airmen, and it ards the Canadian coasts.

Graduates of the Air Train- Plan proceeding overseas omatically flow into the yal Air Force, but distinc- e R.C.A.F. squadrons are be- formed with complete Can- an personnel from the und up. Latest reports indi- e 21 squadrons organized, 16 these being fully operational. e immediate target is 25 C.A.F. squadrons in action.

The selection of R.C.A.F. air ews for the most responsible s is strong testimony to the alities of the Canadians. oungsters from this country e at the controls, the navi- tion desks, the gun turrets d the bomb-aiming positions Britain's giant Halifax and irling four-engined bombers, r example. Some of them al- ady are veterans of two score cursions through the fire- orks pattern of "flak" and ght fighter opposition to Ger- an targets and return.

xciting Jobs

Hurricane bombing is the ost exciting occupation of the ighter Command overseas ese days. A Canadian squad- n is specializing in this par- ular form of destruction. urricane fighters take off in ll daylight from English air- omes. Each "Hurribomber" as two 250-lb. bombs under its ings. The plan is to skim ross the Channel just a few et above the water, climb to ee-top level on the other side, en hopping telephone wires, pping under cables, and ap- oaching the target almost at ound level.

When the objective is just ead of the nose spinner, the lot drops the "eggs." He can rdly miss. He is so low that e bomb must have a delayed- ction fuse or it would blow m out of the sky. "Hurri- ombing" takes steel nerves d the Canadians have it.

Million Miles Daily

The Air Training Plan is now t full cruising speed with all s establishments in operation. e R.C.A.F. is primarily re- onsible for the smooth func- oning of this machine which nds out more than a million ying miles a day and is send- g air and ground crew per- nnel overseas in rapidly-in- easing strength.

The Home Defense Establish- ent of the Royal Canadian Air orce has been relatively small ecause of almost total concen- ation of men and flying mach- es on the English Channel. ow, however, the production f planes and men to maintain d operate them is such that e defense of our shores can bolstered rapidly and effec- ely.

In building aerial bulwarks ainst any enemy, Canada ust consider three main fronts: East Coast, West Coast and the North. The Air Minister reviewed home defense in the House of Commons recently. He said:

"Activities during last summer were confined largely to the construction of new defensive airdromes and to the consolidation of those already started.

"On the East coast: Yarmouth, Shelburne, Dartmouth, Sydney; and in Newfoundland: Botwood, Gander and Torbay.

"Going North, we have established airdromes and staging facilities at Goose Bay (Northwest River), and Labuseful on the other side and

"On the West coast we have carried out the same programme of developing stations all along the coast; Alliford Bay, Ucluelet, Tofino, Coal Harbour, Bella Bella, Prince Rupert, and, on this side of the mountains, of developing the great circle route, Edmonton-Whitehorse-Alaska."

Thousands like him making history.

For Defense

The Air Minister indicated that at last a certain number of aircraft had been made available for home defense. He listed Douglas Digbys, Lockheed Hudsons, Bristol Bolingbrokes, Stranraer flying boats, Curtiss Kittyhawks and Consolidated Catalinas. At the same time, he made it clear that the authorities considered the defense of this country to be across the Atlantic.

"If we have here aircraft that are required over there, they will get them. Recently we were about to take delivery of a certain number of Airocobras. But they were more useful on the other side and they are there now," he said.

Mr. Power paid special tribute to the personnel of the coastal defense squadrons:

"They serve in lonely places and in dirty weather and patrol work is hazardous in the extreme. Little glamour is attached to it, and yet they carry on day after day without complaint . . ."

For the super-colossal task of waging war in the air, Canada has a multi-million-dollar business organization. The Minister of Defense for Air is its president. The board of directors is the Air Council. Personnel of this great enterprise is above 100,000 and still going up rapidly. Present and immediately prospective investment is over $900 millions.

The Royal Canadian Air Force operates under general direction of the Air Council; its biggest job, of course, is administration of the Air Training Plan with all its complexities, but there is also the increasingly important matter of home defense as well as the direction broadens to cover every phase of Canadian military aviation.

THE AIR COUNCIL

President — Hon. C. G. Power, Air Minister.
Vice-President — S. L. De Cartaret, Deputy Air Minister.
Chief of Air Staff—Air Marshal L. S. Breadner.
Deputy Chief of Air Staff—Air Vice-Marshal G. O. Johnson.
Air Member for Air Training — Air Vice-Marshal Robt. Leckie, D.F.C.
Air Member for Aeronautical Engineering — Air Vice-Marshal E. W. Stedman, O.B.E.
Air Member for Air Staff—Air Commodore A. A. L. Cuffe.
Air Member for Personnel—Air Commodore J. A. Sully, D.F.C.
Air Member for Air Finance — Air Commodore K. G. Nairn.
Air Member for Supply — Terence Sheard.

The Air Council, directing a vast military machine, has four jobs. They add up to a fighting air force. They are:

1. Getting men. This primary task of converting civilians into airmen comes under the Air Member for Personnel and of R.C.A.F. squadrons overseas.

Each member of the Air Council is comparable to the managing director of a subsidiary company. Thus, when Hon. C. G. Power, Air Minister, sits in the presidential chair at Air Council meetings he is at the peak of a pyramid which his Air Staff. Directorates in this division look after the details of manning, promotions, postings, and aviation medical services.

2. Organizing them. The Deputy Chief of Air Staff represents on the Air Council the important division responsible for co-ordination of activities directed and controlled by the other divisions and for supervision of the headquarters administration. Under it, the Directorate of Air Organization is charged with the co-ordination of organization, formation and development of all R.C.A.F. units as well as the preparation of establishments.

3. Equipping them. While fundamentally the assignment of the Air Member for Supply on the Air Council and his supply staff, providing the men with the equipment and aircraft necessary is to some extent shared by the Aeronautical Engineering Staff.

There are three important divisions of the Supply Staff:

a. Directorate of Procurement (Aircraft); b. Directorate of Procurement (Equipment); and c. Directorate of Supply Administration. The latter division plans requirements and distribution on behalf of the two procurement directorates and is responsible for supply administration as a whole.

The Supply Staff relies on the organization under the Air Member for Aeronautical Engineering for such important technical details as, in the case of aircraft approval, of design and type, inspection during manufacture, and acceptance as airworthy.

The Aeronautical Engineering Staff is divided into three directorates: Engineering, Inspection, and Maintenance. The first of these is sub-divided into four deputy directorates responsible for producing the required design drawings and for aircraft, engine and radio research and development respectively.

4. Training them. The Air Member for Training is at the apex of a vast organization whose job is to put men and equipment together to produce skill. The assignment covers ground and air training of the R.C.A.F. and the Air Training Plan. Its two big directorates cover Air Training and Technical Training respectively.

5. Putting them into action. The Air Staff Division, directed by the Air Member (of the Air Council) for Air Staff, is responsible for policy in respect to requirements of home defense and overseas units as well as the conduct of operations and collective training of operation units.

Under the pyramid of responsibility outlined above, the countless activities of the R.C.A.F. can be related to each other and to the broad plan. Take the selection and purchase of aircraft, for example.

Who is the customer purchasing R.C.A.F. planes and how does he make up his mind? Briefly, the Training Staff is the customer. The men responsible for air training decide that they need a type of aircraft with certain definite qualifications.

The general or "staff" specifications for a new type are referred to the Aeronautical Engineering Division which is responsible for refining the rough specifications to produce what is termed a "development specification." The latter is then issued to manufacturers through the Department of Munitions and Supply and they are invited to submit specifications of their products which correspond most closely to the requirements.

Each competing manufacturer submits a plane for test flying. These sample aircraft are first tested by representatives of the Training Division. Those obviously unsuitable are rejected at once. The others receive more detailed study on the ground and in the air.

After thorough examination, a conference of the engineering and training staffs selects one type. This is then turned over to the Test and Development Flight at Ottawa, for suggested improvements. Meantime, the Supply Division investigates the question of availability in quantity. The authorities must be satisfied that the manufacturer can deliver planes to keep pace with training requirements.

The Training Division, being the customer, has the final decision. The order is placed by the Department of Munitions and Supply. During manufacture and before delivery, inspection is the responsibility of the Directorate of Aeronautical Inspection of the Aeronautical Engineering Staff.

This entire process, like all others within Canada's vast military aviation machine, comes under the centralized supervision of the Air Council which must approve all important decisions relating to policy.

STELCO
VITAL IN WAR

Steel production has dwarfed peace time figures.

Month by month output has expanded to keep pace with the increasing tempo of the war programme.

(1) New Blast Furnace— largest in Canada.
(2) One of the new 150-ton Open Hearth Furnaces.
(3) New 110" Plate Mill— for heavy ship plates.

STELCO had the foundations well laid through the wide range of plant developments made during earlier years. With the close of 1941 the rate of steel production more than doubled any pre-war high record.

Rendering the basic steel usable for war and vital needs, finishing mills have kept pace with this rapid growth, and Stelco employees have known a single purpose —to provide the essential tools of war.

In these critical days Canadian industry has established many new high records of "service".

THE STEEL COMPANY OF CANADA, LIMITED
HAMILTON - EXECUTIVE OFFICES - MONTREAL
SALES OFFICES: HALIFAX, ST. JOHN, QUEBEC, MONTREAL, OTTAWA, TORONTO, HAMILTON, LONDON, WINDSOR, WINNIPEG, VANCOUVER
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THE PHILIP CAREY COMPANY LIMITED
LENNOXVILLE, QUE.

Aircraft Supply

Power Plants For Air Power

The Aero Engines Canada Get and How She Gets Them

By RONALD A. KEITH
Editor, Canadian Aviation.

With military planes constantly in the Canadian sky, their names, their characteristics and the problems of plane production are becoming generally familiar. But much less is known of the engines without whose reliable power the aircraft would be useless kites.

Canada has no aircraft engine manufacturing industry. The proposal to produce engines in this country has stirred up gusts of controversy at intervals since the war began. After examination of all factors, including multiplicity of types, shortage of machine tools and skilled labor, desperate shortage of time, etc., the Canadian government finally decided against an aircraft engine programme.

Quite recently, however, the prospect of manufacturing one selected type on a relatively small scale in Canada has come to the fore. Whether or not this possibility becomes a reality within the next few months, our planes for training and for defense will still depend largely on the engine manufacturers of the United States.

A ducking for him just after doing his first solo flight at a Canadian air school.

Five Different Engines

The seven aircraft types which are to receive the undivided attention of our plane manufacturing industry in the 1942 programme are powered by five makes of engine in six horsepower categories.

Aircraft and Their Engines
Canadian Seven-Plane Programme

Plane: Engine	Rated h.p.
Fairchild—Ranger Six	175
Harvard—Pratt & Whitney (Wasp Junior S3H1)	550
Avro Anson—Jacobs L-6	300
Bolingbroke—Bristol Mercury (2)	825
Catalina—Pratt & Whitney (2) (Twin Wasp)	990
Secret "X"—Rolls-Royce Merlin (2)	990
Secret "Y"—	...

* * *

Other Types Used in Canada

Plane: Engine	Rated h.p.
Norseman—Pratt & Whitney (Wasp Junior S3H1)	550
Lysander—Bristol Perseus XII	745
Stranraer—Bristol Pegasus X (2)	740
Cessna—Jacobs L4MB (2)	225
English Anson — Armstrong-Siddeley (Cheetah IX) (2)	310
Fairey Battle—Rolls-Royce Merlin	990
Hurricane—Rolls-Royce Merlin	990
Hampden — Bristol Pegasus XVII (2)	740
Moth—Gipsy Major (de Havilland)	120
de Havilland Menasco Moth—Menasco	125
Fleet Finch—Kinner B-5	125
Fleet Fort—Jacobs L-6	300

In the elementary trainer class, the Fairchild "Freshman" which is being manufactured by Fleet Aircraft Ltd., Fort Erie, is equipped with the Ranger Six engine, manufactured by Ranger Aircraft Engines, Farmingdale, Long Island, N.Y. (A division of Fairchild Airplane & Engine Corp. which makes the Fairchild trainer in the U. S.).

Similar to Car Engines

This engine is in-line type and thus broadly similar to the automobile in general design. It is six-cylinder, air-cooled upside-down, type, (cylinders are below the crank case rather than above, this to comply with plane design allowing unobstructed forward visibility for the pilot).

It is notable that a considerable number of engines from England have continued to come, almost without interruption, across the Atlantic. This is particularly true in the case of the Tiger Moth which has been in steady production in Canada since the war began and has not yet been delayed through failure of Gipsy engines to arrive from the English company.

Self-sufficiency Policy

Ever since the alarm created when the Battle of Britain threatened to cut off the Canadian industry's supply of engines from overseas, there has been in effect a policy of North American self-sufficiency. Jacobs engines were ordered for the Canadian-built Anson, while even some of the English-built Ansons were altered to accommodate the American power plants.

Similarly, the Hampden and the Bolingbroke, manufactured here, were modified so that they could take American Pratt & Whitney engines.

This same policy is evident in the fact that one of the new secret types on the seven-plane production programme can be supplied by Rolls-Royce Merlin engines being manufactured by Packard in the United States.

Proved Great Aid

Jacobs Aircraft Engine Co., Pottstown, Pa., has contributed significantly to the Canadian training programme by supplying engines for the two twin-engined service trainers, the Anson and the Cessna, as well as for the Canadian-produced Fleet Fort. Jacobs engines were well known in Canada long before the war as they powered many of the bush planes which wrote this country's aviation history in the northern skies.

For the past decade, Jacobs has been a leading manufacturer of engines in the 200-400 h.p. range. Aircraft powered by this company's engines are serving in some 26 countries today.

In June, 1940, Jacobs received an initial order from Canada for $8 millions worth of engines; this was followed by additional U. S. and Canadian orders boosting the total to $27 millions. Within 14 months, delivery rate had increased more than 2,000 per cent, with monthly deliveries in excess of $1,500,000.

The company is now building a $5 millions plant and equipping it with $8 millions worth of equipment. With these new facilities, Jacobs will employ some 13,000 men in building Pratt & Whitney engines on license.

Kinner and Menasco engines from the U. S. have provided power for the Air Training Plan when the need was most urgent. They are not included in the new production programme, Ranger-powered Fairchilds taking over the elementary field, but many of them are now in use and will continue to serve throughout the war.

Pratt & Whitney engines are the best-known to Canadian pilots. They have been used almost since the beginning of flying in this country. They are used on T.C.A. airliners today as well as on some hundreds of training and service aircraft.

The Outstanding Plant

So far in this war the Rolls-Royce Merlin has proved to be the outstanding engine, powering Britain's two standard fighters, the Hurricane and the Spitfire, during the gruelling Battle of Britain, as well as pulling heavy bombers over the Continent and back.

The Merlin is used in the Fairey Battles shipped from England and now used extensively for bombing and gunnery training here. Thus, the type is becoming familiar to R. C. A. F. pilots and ground crews in this country. As mentioned previously, the Merlin manufactured on license in the United States by Packard probably will be used in the twin-engined fighter to be manufactured here.

When the U. S. declared war, there was some anxiety north of the border lest an embargo be declared on export of aircraft engines, a move which would virtually "ground" plane production in Canada. Fortunately, Washington took a hemispheric view of defense and production plans and today is working in closer liaison with Canadian industries than ever before.

Fortunately too, the United States aircraft engine industry has been expanding its production facilities with phenomenal speed. In September, 1939, the estimated rate of production was about 500,000 h.p. per month. By January 1, 1941, this had jumped to 2,300,000 h.p. At the end of 1941, the monthly production rate had been nearly tripled to 6,500,000 h.p.

The rate of engine production in the U. S. at the beginning of 1942 was 12 times that at the beginning of the war. Some claim that it outstrips Germany and Japan combined, although there are no figures to substantiate this somewhat optimistic view.

In any case, the schedule formulated long before the U. S. declaration of war had the objective of reaching a peak at 15 million h.p. per month in 1943. Without doubt, the latter objective will be raised sky high to keep pace with the astounding airframe production plans formulated by President Roosevelt.

Engine manufacture in th U. S. has been boosted by par ticipation of the automobil makers, although their fu weight has not begun to mak itself felt as yet. The big-tim producers of plane engines are Pratt & Whitney; Wright; Alli son Division of General Motors Buick Motor Division of General Motors (making Pratt & Whitneys); Packard Aircraf Engine Division of Packar Motor Car Co. (scheduled t produce 9,000 R.R. Merlins) Ford Motor Car Co. (makin Pratt & Whitneys); Studebake (making Wrights); Chevrole (making Jacobs and Pratt & Jacobs Aircraft Engine Co. Ltd (making Jacogs and Pratt & Whitneys); and Continenta Aircraft Engines (makin Wright engines).

Algoma to Raise Iron Output 67%

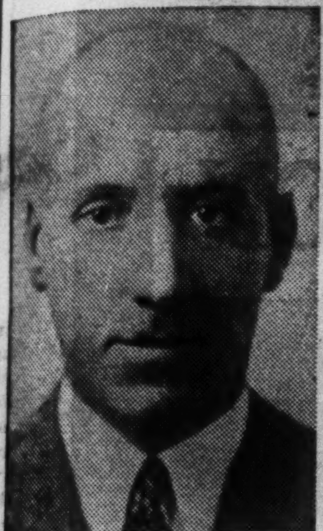
Algoma Steel Corp. has under way a programme for increasing its pig iron capacity by 67%. This will add about 450,000 tons to the present ig iron capacity of around 675,000 tons.

The project involves two operations. First is rehabilitation of an old furnace which needed relining and rebuilding. It is expected that this furnace will be in production by August, 1942. In addition, one new furnace will be constructed which will not be ready, according to present plans, until the spring of 1943.

Construction of coke oven and other subsidiary equipment will be necessary to enlarge production on the basis now planned.

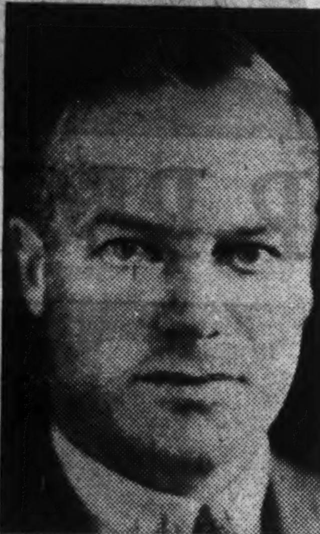
SIZE AS SHOWN, GRAPHICALLY PICTURING CANADA'S WAR EFFORT, IS NOW ON THE PRESS.
WE WILL BE GLAD TO SEND YOU A COPY ABSOLUTELY FREE.
Write to THE ONTARIO PAPER COMPANY LIMITED, Thorold, Ontario.

Keymen in Plane Output for 1942



—"Who's Who in Canada"

STANLEY BURKE
of Boeing Aircraft of Canada



—Blank-Stoller.

VICTOR DRURY
of Canadian Car & Foundry Co.

P. .C. GARRATT
of de Havilland Aircraft

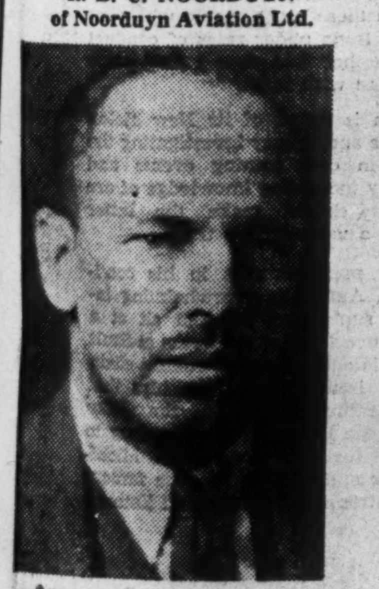
J. E. LABELLE
of Canadian Vickers Ltd.

RAY LAWSON
of Federal Aircraft Ltd.

R. J. MAGOR
of National Steel Car Corp.

R. B. C. NOORDUYN
of Noorduyn Aviation Ltd.

HUBERT M. PASMORE
of Fairchild Aircraft Ltd.



REDMOND QUAIN, K.C.
of Ottawa Car & Aircraft Ltd.

W. J. SANDERSON
of Fleet Aircraft Ltd.

Cut in Auto Output Saves Metal for War

Halting of production of passenger cars in Canada will release vast quantities of vital war materials for more essential purposes. The 110,000 passenger cars produced in 1940 used up besides half a million rubber tires approximately 150,000 tons of steel, 4.8 million pounds of copper, 3.3 million pounds of lead, three million pounds of nickel steel, 1.8 million pounds of zinc, along with considerable quantities of other much-needed metals.

Building Contracts Rise 14% in '41

Total construction contracts awarded in Canada during 1941 amounted to $393.9 millions, an increase of 14% over the 1940 figure of $346 millions, according to a MacLean Building Report tabulation.

Of the individual building groups, residences provided the greatest increase with 8,596 more units and $27 millions greater value or 45.8% over 1940. This was caused in part by operations of Wartime Housing Ltd. which accounted for about 5,000 units.

For War at Sea

Small Boats are Big Business

Up to the outbreak of war Canada's entire shipbuilding industry handled $10 to $11 millions of business annually, 60% of it spent on repairing and reconditioning.

Today, builders of small boats alone are meeting $10.5 millions of orders. In 8 Canadian yards they are building about 1,000 small craft, none of which exceeds 112 ft. in length.

Entirely separate from the construction work on naval and cargo vessels being carried out in 17 major shipyards, the small boat programme ranges from rowboats to high-powered torpedo boats, includes tugs, tenders, scows and dinghies.

As new needs have arisen the small boat programme has been extended in scope. Starting out at $8 millions the plan was quickly expanded to $9 millions. Within the past three months additional orders have pushed the total of capital expenditures on the programme to more than $10.5 millions.

The small yards engaged in building these boats dot Canada from coast to coast.

Most of the yards with contracts are near the resort distr[illegible] of Ontario and the lumber-rich maritime and B.C. coasts. Prime reason: these boats are of wooden construction—lifeboats, dinghies and skiffs are plank-type boats, the others mainly of plywood or mahogany planking.

Building Assault Craft

Despite the tremendous importance of dinghies, scows and other stolid water workhorses, most public attention is given to the assault type of craft.

In this type of boat the real drama of war by small craft can be seen.

The "Mosquito Fleet" has a big reputation for fighting power. Despite the comparatively small size of its units it packs a tremendous wallop. The Motor Torpedo Boats that make up the Mosquito Fleet are the fastest, sleekest and smallest fighting ships of the Navy. Like the fighter planes of the Air Force these hard-hitting speedsters are on the alert night and day, ready for any protective or attacking duty.

Greatest chapter so far in the M.T.B. saga is their performance at Dunkirk where an armada of Nazi "E" boats made a determined attack on our ev[illegible]ating convoys. British M.T.B.'s beat off that challenge, threw a cordon across the channel. Besides acting as fighters these craft were able to aid the evacuation, transporting up to [illegible] men in each boat. An M.T.B. was the last boat to leave Dunkirk.

In Montreal at the plant of the Canadian Power Boat Co., fast M.T.B.'s are being built for the Royal Canadian Navy and Royal Netherlands Navy. Built for speed, these boats have eliminated in their construction anything that would increase weight.

Use Canadian Wood

Most of the shark-like fighter is built of mahogany. Also used to a considerable extent is B.C. spruce while B.C. fir or pine is used for cradles and elm for the gunwales. The Royal Netherlands Navy calls for teak in the decking and bottom to prevent the destructive action of marine bacteria present in Dutch East Indies waters.

No time was wasted when final decision was made to build the M.T.B. in Canada. In August, 1940, the site of the present plant was nothing but wasteland at the side of the Lachine Canal. Before Christmas the hard-working builders had put up modern concrete buildings, concrete runways, launching and fitting-out basin. In May the first torpedo boat slid smoothly into the water.

High Speed, High Price

With accommodation for two officers and eight ratings—all as tough as hardtack—each M.T.B. carries torpedo tubes plus anti-aircraft guns in power-operated turrets. Two [illegible]werf[illegible] Packard marine engines can shoot it along at 40 to 50 knots, have a cruising range of 1,000 miles. Each of t[illegible]se compact, power-jammed fighters costs around $190,000 of which the engines account for $50,000. The Montreal plant turning out these boats employs about 800 men and women, [illegible]vers an area of 130,000 square feet.

Another craft of the Canadian small boat building industry is the 40-foot target boat, worth about $24,000 each. These armor-plated speed boats are used by the Air Force and are designed to withstand hits from light practice bombs. A direct hit pierces the hull, but as the insulation is of enazote, a material one-fifth the weight of cork, the hol[illegible] can be easily repaired. The crew of three are protected amidships by armor-plating, mounted on rubber buffers. The craft can turn in its own length.

For deeper seas is a fleet of fast 112-foot anti-submarine and patrol boats. Highly efficient, these wooden boats bristle with depth-charge apparatus, naval guns, anti-aircraft guns and other fighting equipment.

Programme Half Complete

The total small boat construction programme of over $10.5 millions is now approximately 57% complete. Some boat yards have completed most of their contract and are now partially idle awaiting further business. Organization and machinery which they set up to handle their initial orders is now available to carry on with the building of small boats on a mass-production basis.

Hard-hitting speedsters of the sea-lanes, motor torpedo boats can dash in where heavier craft fear to sail. Capable of churning up a speed of around 50 m.p.h. and cruising for 1,000 miles, such members of the "Mosquito Fleet" can be important factors in a sea battle.

Canadian Nickel

YESTERDAY... IN AIR LINERS
TODAY... IN BOMBERS

IN TIME OF PEACE, aeroplane engineers learned to make use of Canadian Nickel. It gave increased strength with reduced weight. It made metals tough, strong, rust-resistant. It increased the margin of safety, the flying range.

And now in Canadian, British and American fighters and bombers, Canadian Nickel has assumed a vital role. To many an airman it may mean the difference between life and death, between victory and defeat.

So today the Canadian Nickel mines, smelters and refineries operate day and night. The production of Canadian Nickel has reached an all-time peak. The 20,000 employees of the Canadian Nickel industry have joined in an all-out effort to help speed Empire defence.

NICKEL MONEL

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED
25 KING STREET WEST, TORONTO

Using Psychology As Major Weapon Of Modern War

H. Duncan Hall, who has previously written for The Financial Post, is an Australian who was educated at Sydney University and Balliol College, Oxford. He is author of "The British Commonwealth of Nations" and has been a special writer for the London Times and the Manchester Guardian.

He led the Australian delegation to the Institute of Pacific Relations, was professor of International Affairs at Syracuse University, 1926-27 and joint author with President Lawrence Lowell of Harvard of a publication on the British Commonwealth in 1927.

On the staff of the League of Nations until the outbreak of war, he is now a visiting professor at Harvard and joint author of a forthcoming Harvard book on the British Commonwealth at War.

The article which follows is based on a series of four talks which he gave recently over the Canadian Broadcasting Corporation on the Psychological War.

By H. DUNCAN HALL

Today's wars are more than conflicts between tanks on land, airplanes in the air or ships on or under the sea. They involve more than killing or disabling the enemies' armies.

Equally if not more important than these struggles is the battle of morale. This is "the decisive battle of the war."

Fighting is going on inside Germany, in a war against the German morale, a war which is beginning to get results. But the armor is still strong, and the real crack may not come for a long time.

Expected Early Victory

The German people entered this war under the impression that victory would come quickly and the war would be over by the fall of last year. But they suffered defeat. They lost the battle of the air over England. They found British morale stronger than ever.

These were defeats of major importance in spite of Germany's steady progress in crushing other nations.

German morale rests on a hypnotic relation between the leader and the people, whereas the morale of a free people springs from the inner conviction of free minds and free consciousness. Men fight on because they are united by a common purpose which is an integral part of the personality of the individual.

Mass Hypnosis

Hitler used a "mass hypnosis" exemplified by uniforms, parades, bands, huge night meetings and endless repetition of slogans to produce what he calls in Mein Kampf "the spirit which enables a people to bear arms." The individual surrenders his mind and conscience to the leader who has hypnotized him. The relation to the leader is far from the loyalty springing from the minds and conscience of free men. Goering said "I have no conscience; my conscience is Adolf Hitler."

It is hatred or aggression that is the chief motive force thus made available. The Nazi leaders used all their propaganda slogans and appeals to turn these aggressions outward toward an external enemy which they sought to show was "plotting Germany's ruin."

This process of hypnosis required an incessant barrage of propaganda to preserve the power of the leaders, which brought with it a process of intensive hardening and brutalization.

An Unstable Power

The result of such a system is an instrument of great initial striking force, but inherently unstable. The hypnosis of the individual never lasts. No society based on mass hypnosis has ever lasted long.

The incessant barrage of propaganda produces apathy, indifference and a spiritual tiredness. To combat such moods, the leader must keep the people diverted in war and excitement, victory and domination over others.

But just because he uses hate as his instrument, he can't win over the people he conquers. Germany has become an island entirely surrounded by hate.

We Take the Initiative

Britain and the United States are carrying the psychological war to Germany daily. It is an attack on the Nazi mind, using the invasion route always kept open by the bridgehead of the B.B.C. and the U.S. shortwave stations.

An example was the Roosevelt-Churchill declaration which may prove the greatest psychological offensive of the whole war. Timed to come as German losses in Russia were high, as British and American-made bombers were hitting hard, its effectiveness was great. It took the initiative on the diplomatic and psychological fronts from Hitler and Japan.

This battle of propaganda is reaching to Germany and to the conquered peoples, our gigantic fifth column in Europe. Visible effects in a weakening of morale are not yet great, but the start is being made; doubts are being created; apathy of the masses built up.

Natural Masters

We have leaders who are natural masters of psychological war. We are more advanced with the machinery of mental warfare than we are with tanks and planes. We are now using the German weapons of mental confusion, contradiction of feeling, terror and fear. We are using them with great effectiveness on a Germany beginning to be discouraged from setbacks in Russia and America and uneasy about the surrender of mind and conscience to Hitler.

We can attack the sensitive German points. We can emphasize how this war is following the pattern of the last war. For the Germans it brings first victories, then stalemate, then American entry and a gathering of the whole might of the British Empire. This pattern the Nazis are very anxious to keep from the minds of their people.

We can hammer at the hope that we alone can offer a better world, a positive alternative to Hitlerism. Finally, we now have the symbol so badly needed; it is the symbol of the coming revolution of Democracy, the "V" symbol.

The Nazi Offensive

That is our offensive. But the Nazis are far from idle and have their own mental offensive. It is shown by failure to bomb Canada or parts of the United States. The Nazis have done none of these things, but it is a deliberate refraining and not inability.

Thus to take offensive action against North America would arouse the States and Canada to new heights, but there is no guarantee that this strategy will not change at any time if the Nazis think it expedient. For the constant preoccupation of Nazi policy is to cut off the fighting forces of democracy in England, the Near East and the West Indies from the arsenals of democracy in North America.

War With Words

The Nazis regard words as acts of war. They use the ruse of a peace offensive, a weapon which has been used with great success in the past by Hitler and with which he hopes again to divide opinion in the United States and even in Canada.

Another weapon used very effectively by the Nazis is the weapon of mental depression. It swept this continent after Dunkirk, at a time when English morale was invincible. A similar wave of depression was felt after the fall of Crete. The Nazis could be expected to use it again if a further big success in the war were achieved.

President Roosevelt is awake to Nazi aims in the United States which he calls a policy "to create confusion of counsel, public indecision, political paralysis and eventually a state of panic."

Our Defense

We can defend ourselves against this Nazi offensive on our minds. The channels for news and ideas from abroad are kept wide open in a democracy. Down these highways the forces of Nazi psychological war can attack us.

Our only real defense is the strength of our intelligence and conscience. If we are masters of ourselves, if we have an intent inner conviction regarding the rightness of the principles for which we stand, if we are prepared to stake everything, including our lives, so that these ideas and principles as embodied in our country shall live, then we will be relatively immune from the psychological war.

Democratic Strength

The democratic system has the strength and the means to fight a "total war." Long ago Hitler concluded that if he could succeed in keeping certain men in power by his tactics, he was certain to win. That the Nazis feel democracy is a strong system is evidenced by their continued attention to it, something they would not do if they felt it was "a weak and futile system of government unable to generate power."

The question of whether democracy can fight a total war is no longer being asked in England; in Australia or New Zealand. Only in North America is it still being asked.

Now in Britain the people are sure of themselves, of their ideas, of their moral principles and no longer anxious. Their democracy is more total than ever before because the essence of democracy lies not in the forms but in freedom of mind, freedom of the conscience and the power of free criticism of ministers in Parliament.

LAKE SUPERIOR

by Sir James Dunn, Bart.,

1941

LAKE SUPERIOR is said to be the largest body of fresh water in the world, approximately 420 miles long and averaging about half as wide. It is the innermost of the five great connected Lakes that together with the St. Lawrence River and Gulf open the North American Continent half way across to water-born intercourse with the Atlantic Ocean.

This great waterway from Lake Superior to the sea used to be considered as dividing the U.S. and Canada but it is recognized today as consolidating them into one great economic whole.

Important gold mines have been developed in Canada in the country North of Lake Superior's shores and some of the earliest and most important copper mines of America were in Michigan on the Southern side of the Lake.

Two hundred years ago the forests surrounding Lake Superior were the principal home of the Fur Trade in America and its fur contribution is still important today.

Vast forests of pine and spruce made the country rich one hundred years ago and still seem exhaustless in their contribution of lumber, pulp and paper but none of these factors are of the first consequence today when the words "Lake Superior" are spoken for here now is a greater wealth developed over the last one hundred years, a wealth that gives America the power to be the deciding factor in the destinies of the world.

Here in this Lake Superior basin is the back log of the iron and steel industry of this Continent yielding annually 85% of all the iron ores smelted in America.

This wealth lies in three states, Minnesota, Michigan and Wisconsin and to a very little known extent in the Province of Ontario. I mention Minnesota first although important developments already had taken place in the Marquette and Gogebic ranges of Michigan and Wisconsin because the prodigious scale on which nature lavished her bounty in the great Mesabi range of Minnesota staggered all previous conceptions of iron ore wealth and made this region the back log of the American iron and steel industry and as far as one can look into the future, has put it in the power of the North American Continent to dominate world industry and arbitrate world decisions.

One hears it said at times that Mesabi high grade ore has a limit. When one considers that fifty million tons of Mesabi ore will go down the Lakes this year one wonders that any hoard can be inexhaustible when drawn on at such a rate but I went to the fountain head for my information to Minneapolis where the University of Minnesota with its 20,000 students amazes the easterner. There in the Department presided over by Mr. E. W. Davis I drank of the fountain of knowledge of iron ore in America and there I learned that there is a very great body of high grade Mesabi still in reserve, three quarters of it I am told controlled by the Corporation (meaning the U. S. Steel Corporation) whose far-sighted provision from the early days would indicate that from that time on to the present there has always been a giant or two directing the Corporation's destinies.

There is a limit to nearly all things and probably at some time in the future to Class 1 Mesabi High grade ore but if that comes there is Class 2 where by washing, jigging and roasting a further almost limitless supply is being gradually mastered as to treatment and then as the final back log come the taconites where Mr. Davis informs me reserve ore of the Mesabi range runs into billions of tons and thousands of years. These taconites are magnetic ores and the process is grinding and magnetic concentration. Already it is being done successfully so where is the limit to the wealth and power of America as furnished by the Lake Superior region?

On the Northern side of the Lake in Ontario little has been done though iron bearing rock covers a wide area of the country. As an example of what may be done there exists today at the New Helen siderite mine, seven miles from a good harbour on Lake Superior a mining operation which this year will deal with 700,000 tons of ore. Here a mountain of low grade ore called siderite had been known of for half a century but only in the last few years was the process of sintering this kind of ore sufficiently established to justify the development of this vast mountain deposit.

At the New Helen seven miles from and 1100 feet above Lake Superior one hundred million tons of ore have been established by the drill and a process of open pit mining and sintering has been developed where full advantage has been taken of the journey down hill from the mine to the harbour until the sinter is finally belt-conveyed on to great ore-carrying ships and distributed up and down the Lakes to American as well as Canadian blast furnaces where a percentage of it in a furnace charge is desired by more furnaces than can at present be supplied.

This property is wholly owned by the Algoma Steel Corporation who began its development three years ago under the stimulus of a bounty provided by that far-sighted, courageous Prime Minister of Ontario, Mitchell Hepburn.

The Algoma Steel Works are situated at the foot of Lake Superior beside the Locks through which all the ore of the Lake Superior region passes eastward to the furnaces along the Great Lakes. With all the Lake Superior ores passing its door first, Algoma has a choice of the ores that in combination make the finest grades of steel, so it was not the necessity of seeking new ores that caused Algoma to develop the New Helen, it was the desire to be an owner of ore and in the iron ore trade taking part even in a small way with those great people who conduct this trade under rules of conduct one to another that gives a man pride to associate with them.

Algoma is proud of its New Helen enterprise and is busy investigating the Goulais in case coming events and constantly increasing knowledge of ore treatment should make the latter property a value to the trade.

If any man hesitates in his confidence in America's overwhelming industrial supremacy let him sit at a window overlooking the Locks at Sault Ste. Marie and watch the endless chain of great iron ore-carrying ships that pass continuously from the Lake through the Locks on their journey to the blast furnaces along Lakes Michigan, Erie and Ontario and the famous steel centres of Pittsburgh and Youngstown.

No More Steel Supplied To Oil Drum Makers

War shortages have elevated a steel barrel to the rank of a precious commodity for most Canadian oil companies. Steel for making these barrels is shut off and the manufacturers are living on their accumulated stocks.

Generally increased war activity has naturally meant greater use for oil barrels, but the particular factor tightening the situation is aviation. It is now necessary for Canadian companies to ship oil to remote locations from which the barrels will not be returned for some time.

In the days of plenty the question of quick return of the containers worried no one very much. The barrels cost from $5 to $15, depending on size, and the purchaser is charged with this figure when he buys his oil or gasoline. On return of the barrel he is credited with the same amount, no rental being charged. In a multitude of cases, however, the buyer has been very lax in returning his barrels.

Need Big Wardrobe For Women at War

Recent purchases for the Canadian Women's Army Corps and the Canadian Women's Auxiliary Air Force included 300,000 pairs of stockings; 47,000 uniforms, including jacket and skirt; 6,000 extra skirts; 27,000 caps; 25,000 greatcoats; 91,500 broadcloth shirts; 77,000 black ties; 66,500 pairs of shoes; 25,000 personal kit bags; 25,000 pairs of overshoes; 25,000 pairs of rubbers.

Vermilion Oil Plant Brings New Fuel Flow

Allowing the Vermilion field a chance for the first time to take a really active role in the war effort, Vermilion Consolidated Oils conditioning plant has started operation. An order for 350,000 barrels of conditioned fuel oil has been received by the company from the C.N.R

To supply this fuel, Vermilion Consolidated has completed a 2,000-barrel daily capacity oil conditioning plant at Borradaile, Alta. Two cars of oil have already been shipped.

The new plant will condition the heavy viscosity crude oil from the adjoining oil fields. During the present cold weather, it is anticipated that about 500 barrels daily will be shipped and that when warmer weather comes this amount will be increased.

Commencement of operations at the plant is expected to end the virtual stagnation of marketing of oil output from the area, noted during recent months. Several thousand barrels of oil have been standing in pits and tanks in the field, awaiting opening of the plant. Only four or five of the dozen wells capable of production are at present being operated, and even these have been operated only spasmodically.

Canadian Lumber Meets War Demand

Canada's 1941 consumption of lumber for direct war purposes was equivalent to 500 trainloads of 35 cars each, it is officially estimated. Current government requirements of one kind or another are estimated at approximately a million feet per day.